

Children's Hospital Corporation  
Don Application # BCH-20040309-CH  
Exhibits

**Health Care Conservation Project**  
Boston Children's Hospital  
April 3, 2020

Submitted By

Children's Hospital Corporation  
300 Longwood Avenue  
Boston, MA 02115



Children's Hospital Corporation

DoN Application: Health Care Conservation Project

April 3, 2020

Table of Contents:

Exhibit 1: Cover Letter

Exhibit 2: Project Description

Exhibit 3: Notice of Intent

Exhibit 4: Affidavit of Truthfulness Form

Exhibit 5: Scanned Copy of Application Fee Check

Exhibit 6: Affiliated Parties table Question 1.9

Exhibit 7: Change in Service Tables Questions 2.2 and 2.3

Exhibit 8: Certification from an Independent Certified Public Accountant

Exhibit 9: Articles of Organization/Trust Agreement

Exhibit 10: Current IRS Form, 990 Schedule H CHNA/CHIP



## Exhibit 1: Cover Letter





April 3, 2020

By E-mail and First Class mail

Dr. Monica Bharel, MD, MPH  
Commissioner  
Department of Public Health  
250 Washington St.  
Boston, MA 02108

Health Care Conservation Project  
Determination of Need  
Boston Children's Hospital  
Project Number BCH-20040309-CH

Dear Dr. Bharel,

On behalf of Children's Hospital Corporation, I am submitting a Determination of Need application for a proposed Health Care Conservation Project. The application was submitted online and the attachments were emailed according to the instructions. Attached to this letter, please find the check for the application fees.

Please note, there are no forms or information attached regarding the Community Engagement "Self-Assessment Form" or the "Stakeholder Assessment Form". Both documents are listed in the documentation checklist as required documents to include with the conservation application. However, pursuant to the DoN Community Engagement Guidelines, those forms are only required when an applicant is required to complete the Health Priorities (Factor 2) requirements. Pursuant to the DoN regulations, a conservation application is not required to complete Factor 2. As a result, it is not possible for these forms to be completed and are not included with this application.

Please feel free to contact me at 617-355-2683 with any questions regarding the application.

Sincerely,

Donna M. Casey  
Vice President, Strategic Business Planning, Analysis & Budget  
Boston Children's Hospital  
Donna.Casey@Childrens.Harvard.Edu



## Exhibit 2: Project Description



## Project Description

The Children's Medical Center Corporation ("Applicant"), located at 300 Longwood Avenue, Boston, MA 02115 is filing a Notice of Determination of Need ("Application") with the Massachusetts Department of Public Health for its facility The Children's Hospital Corporation (d/b/a/ Boston Children's Hospital or "hospital"), a Massachusetts charitable corporation, for projects that meet the definition of a Conservation Project. The Hospital engages in the delivery of pediatric care, research, training and community service. The Hospital's clinicians deliver care throughout an owned network of licensed facilities, as well as staffing partnerships with affiliated providers in the community. This Application includes projects that will impact those areas under the Hospital licensure located at the main campus ("Longwood Campus") as well as our Lexington and Waltham satellite locations. The Longwood campus includes inpatient, outpatient, research and administrative space and serves approximately 22,500 discharges and 378,000 outpatient visits, annually. The Waltham campus includes surgical inpatient beds supported by six operating rooms and additional outpatient specialty services. The Waltham campus serves approximately 1,030 discharges and 135,000 outpatient visits, annually. The Lexington campus includes outpatient specialty services and serves approximately 24,900 outpatient visits, annually.

The projects included in this Application are designed to keep the licensed hospital space in good working order. The maximum capital expenditure for this conservation application is \$32,971,000. Specifically, the projects are intended to sustain and restore facility components that include the following areas:

1. Emergency Department (\$2,150,000)
2. Pharmacy (\$12,915,000)
3. Radiology (\$536,000)
4. Building Restoration (\$17,370,000)

### **Emergency Department**

The Emergency Department resides on the facility's Longwood campus. The emergency department provides 60,700 visits, annually. The Emergency Department is the largest pediatric emergency service in the state and a Level 1 trauma center for the most complex trauma cases. The Hospital initiated a multi-year phased renovation project to the emergency department in 2017. The scope of the renovation which did not expand the footprint of the department included fresh paint, millwork, replacement of furniture and equipment. The project spanned 4 years in order to ensure that clinical operations could safely proceed unimpeded by the renovation work. The project is in its last year of work with renovation to its triage area to ensure a better system for incoming patients regarding flow, HIPAA /privacy concerns and regulations, and the installation of lockers for parents to hold personal possessions while accompanying their children. The capital required to complete this project is \$2,150,000.

### **Pharmacy**

Federal and State legal and regulatory medication compounding requirements have drastically impacted minimum necessary standards for Pharmacy practice to comply with the Board of Registration in Pharmacy requirements regarding USP 797 and USP 800, and proposed 247 CMR 17. Hazardous



medications must be compounded in a separate area from non-hazardous medications. Sterile medications must be compounded using a containment hood and other approved equipment in an appropriately ventilated area. Sterile and non-sterile hazardous medication room air and containment hood air must be exhausted to outside of the building. Pediatric pharmacies are uniquely affected due to much higher compounding activity. Pediatric sterile and non-sterile medications vary in size of dosing, doses are patient specific, and 70% of all doses need to be compounded and dispensed very close to administration time. Sterile medications are reconstituted and diluted.

In May 2017, the Board of Trustees of the Hospital approved a multi-year renovation project to ensure compliance with the USP 797 and USP 800 requirement. The Hospital has three distinct locations on the Longwood campus that require renovation in order to restore the facility to regulatory compliance.

| Location/Service                  | Square Feet |
|-----------------------------------|-------------|
| Mandell 7 Critical Care Services  | 700         |
| Main 6 Inpatient Oncology Service | 3,200       |
| Farley 4 Outpatient Infusion      | 3,450       |

The capital required to complete this project is \$12,915,000. All pharmacy locations have an anticipated completion date of 2022.

### **Radiology Department**

The Hospital has a multi-year operational, facility and financial plan to renovate its current radiology suite on both the Longwood and Waltham campuses. The plan allows the Hospital to effectively renew its current imaging services as they pass end of life capabilities while allowing for the delivery of care to continue. Any renovation associated with DoN Required Equipment will be submitted separately. The scope of this project covers the upgrade of two diagnostic radiology rooms in Waltham from cassette to digital radiography. The work was initiated and largely completed prior to October 1, 2019. The capital required to complete this project is \$75,000. Additionally, the Hospital is including \$461,000 in architectural and design fees as it continues to develop plans for the future renewal of the imaging suites.



### **Building Restoration**

A small number of children's hospitals provide highly specialized pediatric care; these regional quaternary care centers comprise the peer group for the Hospital. The following chart provides benchmarking information about the size and physical plant of the Hospital and its peers. The information in the chart demonstrates that the Hospital is older than that of comparable institutions and therefore, requires capital annually to maintain the usefulness of the building and ensure compliance with modern day regulations.

| Institution                                   | Beds | Average age of physical plant (in years) |
|---|------|--|
| Boston Children's Hospital                    | 415  | 13.8                                     |
| Children's Healthcare of Atlanta              | 614  | 10.2                                     |
| Children's Hospital of Philadelphia           | 542  | 9.2                                      |
| Cincinnati Children's Hospital Medical Center | 634  | 9.2                                      |
| Seattle Children's Hospital                   | 361  | 8.8                                      |
| Texas Children's Hospital                     | 797  | 8.6                                      |

Source: Children's Hospital Association 2019

Therefore, bi-annually, the Hospital engages in an in-depth evaluation of all major components of its buildings (substructure, superstructure, exterior enclosures, roofing, etc) considered in the Infrastructure Condition Index (ICI) as defined by the U.S. Department of Commerce. The evaluation produces a series of priority recommendations to guide management of projects that need immediate action to future needs over the next five to ten years. Management uses this information to ensure that funds from the annual capital routine budget are directed to renovation projects with the highest priority in the context of its annual preventive maintenance and renewal of its facilities. Generally, the facilities are showing wear and tear in a variety of areas including walls, floors, ceilings and millwork. These items will be replaced, repaired or modified as required. Heating and AC systems will be replaced with more energy efficient units.

The evaluation of the Longwood campus has demonstrated that \$14,224,000 of capital is required for replacement and upgrades to utilities, transformers, air handlers, nurse call and facility automation systems.

The evaluation of our Lexington campus has demonstrated that \$201,000 of capital is required for repair of the roof.

The evaluation of the Waltham facilities has demonstrated that \$1,945,000 of capital is required for upgrades to roofs, stairwells, hot water systems, sprinklers, flooring, and renewal of the utility substation, replacement of a transformer, and other small projects to maintain the facility.

Finally, the Applicant has submitted a \$1m contingency request to address unforeseen issues that arise during the normal course of business. The Applicant will supply a detailed accounting of any such use of that \$1m contingency during the reporting period upon request from the Department of Health.



In general, the proposed projects are necessary for the Applicant to comply with either Federal or State regulations or standard upkeep of its facilities.



## Exhibit 3: Notice of Intent



For home delivery of the  
Boston Herald, please call  
(800) 892-7711











## Exhibit 4: Affidavit of Truthfulness Form





# 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](mailto: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 been informed of the contents of 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 been informed of the contents of this application for Determination of Need including all exhibits and attachments, and have been informed that all of the information contained herein is accurate and true;
5. I have submitted the correct Filing Fee and understand it is nonrefundable pursuant to 105 CMR 100.405(B);
6. I have submitted the required copies of this application to the Determination of Need Program, and, as applicable, to all Parties of Record and other parties as required pursuant to 105 CMR 100.405(B);
7. 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.;
8. I have been informed that proper notification and submissions to the Secretary of Environmental Affairs pursuant to 105 CMR 100.405(E) and 301 CMR 11.00;
9. 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);
10. 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 Notices of Determination of Need issued in compliance with 105 CMR 100.00 and the Massachusetts Determination of Need regulations effective January 27, 2017 and amended on December 28, 2018;
11. I have been informed 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;
12. 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;
13. Pursuant to 105 CMR 100.705(A), I certify that the Applicant has Sufficient Interest in the Site or facility; and
14. 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.

Corporation:

Attach a copy of Articles of Organization/Incorporation, as amended

|                                   |            |           |
|-----------------------------------|------------|-----------|
| Sandra L Fenwick                  |            | 3/11/2020 |
| CEO for Corporation Name:         | Signature: | Date      |
| Douglas A Berthiaume              |            | 3/19/2020 |
| Board Chair for Corporation Name: | Signature: | Date      |

Save

Print form

Reset form



## Exhibit 5: Scanned Copy of Application Fee Check





**Boston Children's Hospital**  
Until every child is well

VENDOR NAME: COMMONWEALTH OF MASSACHUSETTS

DATE: 03/19/2020

CHECK NO. 0001332846

| INVOICE NO.                  | DATE       | P.O. NO. | GROSS AMOUNT | DISCOUNT | NET AMOUNT |
|------------------------------|------------|----------|--------------|----------|------------|
| 4-3C47                       | 03/17/2020 | 04519999 | 65,942.00    | 0.00     | 65,942.00  |
| Check to Donna Casey - FEDEX |            |          |              |          |            |

REMOVE DOCUMENT ALONG THIS PERFORATION

THIS DOCUMENT IS PRINTED IN TWO COLORS. DO NOT ACCEPT UNLESS BLUE AND BLACK ARE PRESENT



**Boston Children's Hospital**  
Until every child is well

Bank of America, Boston, MA

Check No. 0001332846 5-13/110

Date: March 19, 2020

PAY SIXTY FIVE THOUSAND NINE HUNDRED FORTY-TWO AND XX/100 DOLLAR

Pay Amount \*\*\*\*\*65,942.00

PAY TO THE ORDER OF  
COMMONWEALTH OF MASSACHUSETTS  
WIRE TRANSFER

*[Signature]*

COUNTERSIGNATURE REQUIRED IF OVER \$25,000

*[Signature]*

AUTHORIZED SIGNATURE

⑈0001332846⑈ ⑆011000138⑆ 0022660000⑈



**Boston Children's Hospital**  
Until every child is well

300 Longwood Avenue, Boston, MA 02115

COMMONWEALTH OF MASSACHUSETTS  
WIRE TRANSFER

UNITED STATES



## Exhibit 6: Affiliated Parties table Question 1.9





# Massachusetts Department of Public Health Determination of Need Affiliated Parties

Version: DRAFT  
3-15-17

DRAFT

Application Date: 04/03/2020 Application Number: BCH-20040309-CH

## Applicant Information

Applicant Name: The Children's Medical Center Corporation

Contact Person: Donna Casey Title: Vice President, Strategic Business Planning & Budget

Phone: 6173552683 Ext: E-mail: donna.casey@childrens.harvard.edu

## Affiliated Parties

### 1.9 Affiliated Parties:

List all officers, members of the board of directors, trustees, stockholders, partners, and other Persons who have an equity or otherwise controlling interest in the application.

| Add/<br>Del<br>Rows                               | Name<br>(Last) | Name<br>(First) | Mailing Address                | City          | State | Affiliation                               | Position with affiliated<br>entity<br>(or with Applicant) | Stock,<br>shares, or<br>partnership | Percent<br>Equity<br>(numbers<br>only) | Convictions<br>or<br>violations | List other health care<br>facilities affiliated with | Business<br>relationship<br>with<br>Applicant |
|---|----------------|-----------------|--------------------------------|---------------|-------|---|---|-------------------------------------|--|---------------------------------|--|---|
| <input type="checkbox"/> <input type="checkbox"/> | Berthiaume     | Douglas         | 18 Buttonwood Drive            | Andover       | MA    | The Children's Medical Center Corporation | Director/Officer  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Butterfield    | Allan           | 8 Whitney Road                 | Newtonville   | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Churchwell     | Kevin           | 14 Baldpate Hill Road          | Newton Center | MA    | The Children's Medical Center Corporation | Director/Officer  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Fenwick        | Sandra          | 51 Doublet Hill Road           | Weston        | MA    | The Children's Medical Center Corporation | Director/Officer  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Fleisher       | Gary            | 101 Waban Park                 | Newton        | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Garvin         | Michelle        | 640 Harland Street             | Milton        | MA    | The Children's Medical Center Corporation | Officer   |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Henderson      | Winston         | 70 Northampton Street, Apt 101 | Roxbury       | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Karp           | Stephen         | 3 Possum Road                  | Weston        | MA    | The Children's Medical Center Corporation | Director/Officer  |                                     | 0%                                     | No                              | Nantucket Cottage Hospital                           | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Kaser          | James           | 9 Vesta Road                   | Natick        | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Krichmar       | Steven          | 5 Preston Circle               | Andover       | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Langer         | Robert          | 98 Montvale Road               | Newton        | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |



| Add/<br>Del<br>Rows                               | Name<br>(Last) | Name<br>(First) | Mailing Address             | City          | State | Affiliation                               | Position with affiliated<br>entity<br>(or with Applicant) | Stock,<br>shares, or<br>partnership | Percent<br>Equity<br>(numbers<br>only) | Convictions<br>or<br>violations | List other health care<br>facilities affiliated with | Business<br>relationship<br>with<br>Applicant |
|---|----------------|-----------------|-----------------------------|---------------|-------|---|---|-------------------------------------|--|---------------------------------|--|---|
| <input type="checkbox"/> <input type="checkbox"/> | Lodish         | Harvey          | 12 Seaver Street, Unit C202 | Brookline     | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Loveman        | Gary            | 5 Sabrina Farm Road         | Wellesley     | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Martin         | Ralph           | 154 Moss Hill Road          | Jamaica Plain | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Melendez       | Thomas          | 88 Exeter Street            | West newton   | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Proctor        | Mark            | 470 Commonwealth Avenue     | Newton        | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Regan          | Kathleen        | 72 Willow Street            | Brooklyn      | NY    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Smith          | Robert          | 35 Carlsbrooke Road         | Wellesley     | MA    | The Children's Medical Center Corporation | Director/Officer  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Taunton-Rigby  | Alison          | 8 Farrar Road               | Lincoln       | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Vanderslice    | Doug            | 76 Hollis Street            | Sherborne     | MA    | The Children's Medical Center Corporation | Officer   |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Wolpow         | Marc            | 17 Clark Road               | Wellesley     | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Wood           | Laura           | 59 South Cottage Road       | Belmont       | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> | Young          | Gregory         | 4 Sundance Way              | Natick        | MA    | The Children's Medical Center Corporation | Director  |                                     | 0%                                     | No                              |  | No  |
| <input type="checkbox"/> <input type="checkbox"/> |                |                 |                             |               | MA    |   |   |                                     |  |                                 |  |   |

### Document Ready for Filing

When document is complete click on "document is ready to file". This will lock in the responses and date and time stamp the form. To make changes to the document un-check the "document is ready to file" box. Edit document then lock file and submit. Keep a copy for your records. Click on the "Save" button at the bottom of the page.

To submit the application electronically, click on the "E-mail submission to Determination of Need" button.

This document is ready to file:



Date/Time Stamp: 04/03/2020 9:33 am

E-mail submission to  
Determination of Need



## Exhibit 7: Change in Service Tables Questions 2.2 and 2.3





# Massachusetts Department of Public Health Determination of Need Change in Service

Version: DRAFT  
6-14-17

DRAFT

Application Number: BCH-20040309-CH

Original Application Date: 04/03/2020

## Applicant Information

Applicant Name: The Children's Hospital Corporation

Contact Person: Donna M. Casey

Title: Vice President, Strategic Business Planning & Budget

Phone: 6173552683

Ext:

E-mail: donna.casey@childrens.harvard.edu

## Facility: Complete the tables below for each facility listed in the Application Form

1 Facility Name: Boston Children's Hospital

CMS Number: 22-3302

Facility type: Hospital

## Change in Service

2.2 Complete the chart below with existing and planned service changes. Add additional services with in each grouping if applicable.

| Add/Del<br>Rows          |   | Licensed Beds | Operating<br>Beds | Change in Number of Beds<br>(+/-) |           | Number of Beds After Project<br>Completion (calculated) |           | Patient Days<br>(Current/<br>Actual) | Patient Days<br>Projected | Occupancy rate for Operating<br>Beds |           | Average<br>Length of<br>Stay<br>(Days) | Number of<br>Discharges | Number of<br>Discharges |
|--------------------------|---|---------------|-------------------|-----------------------------------|-----------|---|-----------|--------------------------------------|---------------------------|--------------------------------------|-----------|--|-------------------------|-------------------------|
|                          |   | Existing      | Existing          | Licensed                          | Operating | Licensed  | Operating |                                      |                           | Current Beds                         | Projected |  | Actual                  | Projected               |
|                          | <b>Acute</b>                                |               |                   |                                   |           |   |           |                                      |                           |                                      |           |  |                         |                         |
|                          | Medical/Surgical                            |               |                   |                                   |           |   |           |                                      |                           | 0%                                   | 0%        |  |                         |                         |
|                          | Obstetrics (Maternity)                      |               |                   |                                   |           |   |           |                                      |                           | 0%                                   | 0%        |  |                         |                         |
|                          | Pediatrics                                  | 272           | 283               |                                   |           | 272   | 283       | 94,063                               | 94,063                    | 91%                                  | 91%       | 4.6                                    | 20,646                  | 20,646                  |
|                          | Neonatal Intensive Care                     | 24            | 24                |                                   |           | 24  | 24        | 8,144                                | 8,144                     | 93%                                  | 93%       | 21                                     | 387                     | 387                     |
|                          | ICU/CCU/SICU                                | 108           | 97                |                                   |           | 108   | 97        | 31,540                               | 31,540                    | 89%                                  | 89%       | 22.4                                   | 1,408                   | 1,408                   |
| <input type="checkbox"/> | <input type="checkbox"/> Waltham Pediatrics | 11            | 11                |                                   |           | 11  | 11        | 1,058                                | 1,058                     | 26%                                  | 26%       | 1                                      | 1,017                   | 1,017                   |
|                          | <b>Total Acute</b>                          | 415           | 415               |                                   |           | 415   | 415       | 134,805                              | 134,805                   | 89%                                  | 89%       | 49                                     | 23,458                  | 23,458                  |
|                          | <b>Acute Rehabilitation</b>                 |               |                   |                                   |           |   |           |                                      |                           | 0%                                   | 0%        |  |                         |                         |
| <input type="checkbox"/> | <input type="checkbox"/>                    |               |                   |                                   |           |   |           |                                      |                           | 0%                                   | 0%        |  |                         |                         |
|                          | <b>Total Rehabilitation</b>                 |               |                   |                                   |           |   |           |                                      |                           | 0%                                   | 0%        |  |                         |                         |
|                          | <b>Acute Psychiatric</b>                    |               |                   |                                   |           |   |           |                                      |                           |                                      |           |  |                         |                         |



| Add/Del<br>Rows          |                          | Licensed Beds |  | Operating Beds |  | Change in Number of Beds (+/-) |           | Number of Beds After Project Completion (calculated) |           | Patient Days      |           | Occupancy rate for Operating Beds |           | Average Length of Stay (Days) | Number of Discharges Actual | Number of Discharges Projected |
|--------------------------|--------------------------|---------------|--|----------------|--|--------------------------------|-----------|--|-----------|-------------------|-----------|-----------------------------------|-----------|-------------------------------|-----------------------------|--------------------------------|
|                          |                          | Existing      |  | Existing       |  | Licensed                       | Operating | Licensed   | Operating | (Current/ Actual) | Projected | Current Beds                      | Projected |                               |                             |                                |
|                          | Adult                    |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | Adolescent               |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | Pediatric                |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | Geriatric                |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
| <input type="checkbox"/> | <input type="checkbox"/> |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | Total Acute Psychiatric  |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | Chronic Disease          |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
| <input type="checkbox"/> | <input type="checkbox"/> |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | Total Chronic Disease    |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | Substance Abuse          |               |  |                |  |                                |           |  |           |                   |           |                                   |           |                               |                             |                                |
|                          | detoxification           |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | short-term intensive     |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
| <input type="checkbox"/> | <input type="checkbox"/> |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | Total Substance Abuse    |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | Skilled Nursing Facility |               |  |                |  |                                |           |  |           |                   |           |                                   |           |                               |                             |                                |
|                          | Level II                 |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | Level III                |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | Level IV                 |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
| <input type="checkbox"/> | <input type="checkbox"/> |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |
|                          | Total Skilled Nursing    |               |  |                |  |                                |           |  |           |                   |           | 0%                                | 0%        |                               |                             |                                |

2.3 Complete the chart below if there are changes other than those listed in table above.

| Add/Del<br>Rows          | List other services if Changing e.g. OR, MRI, etc | Existing Number of Units | Change in Number +/- | Proposed Number of Units | Existing Volume | Proposed Volume |
|--------------------------|---|--------------------------|----------------------|--------------------------|-----------------|-----------------|
|                          |   |                          |                      |                          |                 |                 |
| <input type="checkbox"/> | <input type="checkbox"/> Not Applicable           |                          |                      |                          |                 |                 |



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To submit the application electronically, click on the "E-mail submission to Determination of Need" button.

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Date/time Stamp: 04/03/2020 9:36 am

E-mail submission to  
Determination of Need



## Exhibit 8: Certification from an Independent Certified Public Accountant



**Analysis of the Reasonableness of  
Assumptions Used For and  
Feasibility of Projected Financials of:**

**Children's Medical Center Corporation**

For the Years Ending September 30, 2019  
Through September 30, 2023



Tel: 617-422-0700  
Fax: 617-422-0909  
[www.bdo.com](http://www.bdo.com)

One International Place  
Boston, MA 02110-1745

March 20, 2020

Donna M. Casey  
Vice President  
Boston Children's Hospital  
300 Longwood Avenue  
BY483  
Boston, MA 02215

**RE: Analysis of the Reasonableness of Assumptions and Projections Used to Support  
the Financial Feasibility and Sustainability of the Proposed Projects**

Dear Ms. Casey:

Enclosed is a copy of our report on the reasonableness of assumptions used for and feasibility of the financial projections for Children's Medical Center Corporation. Please contact me to discuss this report once you have had an opportunity to review.

Sincerely,

## TABLE OF CONTENTS

|   | Page |
|---|------|
| I. EXECUTIVE SUMMARY .....                | 1    |
| II. RELEVANT BACKGROUND INFORMATION ..... | 2    |
| III. SCOPE OF REPORT .....                | 4    |
| IV. SOURCES OF INFORMATION UTILIZED ..... | 6    |
| V. REVIEW OF THE PROJECTIONS .....        | 8    |
| VI. FEASIBILITY.....                      | 15   |



Tel: 617-422-0700  
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One International Place  
Boston, MA 02110-1745

March 20, 2020

Donna M. Casey  
Vice President  
Boston Children's Hospital  
300 Longwood Avenue  
BY483  
Boston, MA 02215

**RE: Analysis of the Reasonableness of Assumptions and Projections Used to Support the Financial Feasibility and Sustainability of the Proposed Projects**

Dear Ms. Casey:

We have performed an analysis related to the reasonableness and feasibility of the financial projections (the "Projections") of Children's Medical Center Corporation ("Children's" or "the Applicant") related to its fiscal year 2020 ("FY20") Determination of Need ("DON") filing which will include the proposed conservation projects (the "Proposed Projects"), described further below. This report details our analysis and findings with regards to the reasonableness of assumptions used in the preparation of the Projections and feasibility of the projected financial results prepared by the management of Children's ("Management"). This report is to be used by Children's in connection with its DON Application - Factor 4 and should not be distributed or relied upon for any other purpose.

**I. EXECUTIVE SUMMARY**

The scope of our review was limited to an analysis of the five-year financial projections for the Applicant for the fiscal years ending 2019 through 2023 prepared by Management and the supporting documentation in order to render an opinion as to the reasonableness of assumptions used in the preparation and feasibility of the Projections.



The Projections exhibit a cumulative operating EBITDA surplus of approximately 10.3 percent of cumulative projected revenue for Children's for the five years from fiscal year ("FY") 2019 through 2023. Based upon our review of the relevant documents and analysis of the Projections, we determined the anticipated operating EBITDA surplus is a reasonable expectation and based upon feasible financial assumptions. Accordingly, we determined that the Projections are reasonable and feasible, and not likely to have a negative impact on the Applicant's patient panel or result in a liquidation of Children's assets. A detailed explanation of the basis for our determination of reasonableness and feasibility is contained within this report.

## II. RELEVANT BACKGROUND INFORMATION

Children's, doing business as Boston Children's Hospital, includes (1) Children's Hospital (the "Hospital"), which engages in pediatric patient care, research, training, and community service, (2) 15 tax-exempt physician foundations (the "Foundations"), which are organized for charitable, scientific, and educational purposes and operate for the benefit of the Children's Hospital and Harvard Medical School, (3) the Physicians' Organization at Children's Hospital (the "PO"), which provides coordination and general oversight of the clinical and medical practices and related health care services of the Foundations, (4) CHB Properties, Inc., which owns and operates real estate and distributes the net income of such property to Children's, (5) Longwood Research Institute, Inc., which holds real property for the benefit of the Hospital to further its research mission, (6) Longwood Corporation, which owns and operates real property and distributes the net income of such property to Children's, (7) Boston Children's Health Physicians, a fully integrated health care community that provides pediatric inpatient



and outpatient care to patients in New York, Connecticut, and New Jersey, (8) Blood Research Institute, Inc. and (9) Boston Children's Health International, LLC.

The Applicant proposes to complete a series of conservation / renovation projects to its Longwood Medical Area Core Campus, Lexington Campus, and Waltham Campus. The Longwood campus includes inpatient, outpatient, research and administrative space and serves approximately 22,500 discharges and 378,000 outpatient visits annually. The Waltham campus includes surgical inpatient beds supported by six operating rooms and additional outpatient specialty services and serves approximately 1,030 discharges and 135,000 outpatient visits annually. The Lexington campus includes outpatient specialty services and serves approximately 24,900 outpatient visits annually. The renovation projects are designed to improve access to and quality of existing services and facilities and include (1) renovations to the emergency department, (2) renovations to the pharmacies, (3) renovations to radiology, and (4) building renewals.

The renovations to the emergency department relate to the last year of a four-year renovation project to (1) improve the triage area to ensure a better system for incoming patients, (2) address certain Health Insurance Portability and Accountability Act ("HIPAA")/privacy concerns and regulations, and (3) the installation of lockers for parents to hold personal possessions while accompanying their children.

The renovations to the pharmacies relate to Federal and state legal and regulatory medication compounding requirements which requires hazardous medications to be compounded in a separate area from non-hazardous medications. Sterile medications must be compounded using



a containment hood and other approved equipment in an appropriately vented area. Sterile and non-sterile hazardous medication room air and containment hood air must be exhausted to outside of the building. The Applicant has three areas on the Longwood campus that require renovation to restore the facility to regulatory compliance.

The renovations to the radiology department relate to an existing multi-year plan to renew its current imaging services as they pass end of life capabilities while allowing for the delivery of care to continue. The scope of the renovations included as part of the Proposed Projects includes the upgrade of two diagnostic radiology rooms on the Waltham campus from cassette to digital radiology.

Building renewals included as part of the Proposed Projects relates to the replacement and upgrades to utilities, transformers, air handlers, nurse call and facility automation systems on the Longwood campus, repair of the roof at the Lexington campus, and upgrades to the roof, stairwells, hot water systems, sprinklers, flooring, and renewal of the utility substation, and replacement of a transformer at the Waltham campus.

### III. SCOPE OF REPORT

The scope of this report is limited to an analysis of the five-year financial projections for Children's, the Applicant, for the fiscal years ending 2019 through 2023, prepared by Management, and the supporting documentation in order to render an opinion as to the reasonableness of assumptions used in the preparation and feasibility of the Projections. Reasonableness is defined within the context of this report as supportable and proper, given



the underlying information. Feasibility is defined as based on the assumptions used the Proposed Projects are not likely to result in a liquidation of the underlying assets or the need for reorganization.

This report is based on prospective financial information provided to us by Management. BDO understands the prospective financial information was developed as of January 11, 2019, represented the most current version of detailed multi-year prospective financial information available at the time BDO performed its procedures, and is still representative of Management's expectations as of the drafting of this report. BDO has not audited or performed any other form of attestation services on the projected financial information related to the operations of Children's.

If BDO had audited the underlying data, matters may have come to our attention that would have resulted in our using amounts that differ from those provided. Accordingly, we do not express an opinion or any other assurances on the underlying data presented or relied upon in this report. We do not provide assurance on the achievability of the results forecasted by the Applicant because events and circumstances frequently do not occur as expected, and the achievement of the forecasted results are dependent on the actions, plans, and assumptions of Management. We reserve the right to update our analysis in the event that we are provided with additional information.



#### IV. SOURCES OF INFORMATION UTILIZED

In formulating our opinions and conclusions contained in this report, we reviewed documents produced by Management as well as third party industry data sources. The documents and information upon which we relied are identified below or are otherwise referenced in this report:

1. Financial Model for the Applicant for the periods ending September 30, 2016 through September 30, 2023;
2. Volume Metrics by Program and Location for FY 2018 and FY 2017;
3. Case Mix Dashboard Summary for FY 2018 and FY 2017;
4. Key Metrics for FY 2018 and FY 2017;
5. FY19 Operating and Capital Budgets presented to the Finance Committee, dated September 6, 2018;
6. Financial Performance Report for the Period Ended August 31, 2019;
7. Long Term Plan Presentation to the Finance Committee, dated January 16, 2019;
8. FY20 Operating and Capital Budgets presented to the Finance Committee, dated September 12, 2019;
9. Audited Consolidated Financial Statements and Supplementary Information for Boston Children's Hospital and Subsidiaries for Years Ended September 30, 2018 and 2017<sup>1</sup>;
10. Children's Hospital Consolidated Balance Sheet for September 30, 2019 and September 30, 2018;

---

<sup>1</sup> BDO was not provided with the Audited Consolidated Financial Statements and Supplementary Information for Boston Children's Hospital and Subsidiaries for Years Ended September 30, 2019. We understand this information was unavailable when BDO began its procedures in November 2019.

11. Children's Hospital Comparative Statement of Revenues and Expenses for Period Ended September 30, 2019;
12. Draft Physicians' Organization at Children's Hospital, Inc. and Affiliated Foundations Financial Statements for September 30, 2019;
13. Supporting Tables for Sources & Uses;
14. Tracking OE Initiatives for FY18, Presentation to Operational Effectiveness Executive Committee, dated November 8, 2018;
15. Tracking OE Initiatives for FY19, Presentation to Operational Effectiveness Executive Committee, dated November 5, 2019;
16. Summary Balance Sheet by Business Unit as of September 30, 2018;
17. Detail of Board Designated Funds for the Period Ended September 30, 2018;
18. Yearly Bed Projection by Service Line, dated January 8, 2019;
19. Gain from Operations Actual to Budget Comparison for FY 2009 through FY 2019;
20. Draft Project Description;
21. Draft DON Application;
22. Farley 4 Pharmacy Floor Plan;
23. MA6 Floor Plan;
24. Mandell 7 Pharmacy Floor Plan;
25. RMA Annual Statement Studies, published by The Risk Management Association;
26. Definitive Healthcare data;
27. IBISWorld Industry Report, Hospitals in the US, dated November 2019; and
28. Determination of Need Application Instructions dated March 2017.



## V. REVIEW OF THE PROJECTIONS

This section of our report summarizes our review of the reasonableness of the assumptions used and feasibility of the Projections.

The following tables present the Key Metrics, as defined below, which compare the operating results of the Projections to market information from RMA Annual Studies ("RMA"), IBISWorld, and Definitive Healthcare as well as the Applicant's historical performance, to assess the reasonableness of the projections.

| Key Financial Metrics and Ratios                    | Projected |          |          |          |          |
|---|-----------|----------|----------|----------|----------|
|   | 2019      | 2020     | 2021     | 2022     | 2023     |
| <b>Children's Medical Center Corporation</b>        |           |          |          |          |          |
| <b>Profitability</b>                                |           |          |          |          |          |
| Operating Margin (%)                                | 3.9%      | 4.2%     | 3.1%     | 3.1%     | 3.1%     |
| Excess Margin (%)                                   | 8.6%      | 7.0%     | 6.3%     | 6.3%     | 5.1%     |
| Debt Service Coverage Ratio (x)                     | 7.8x      | 10.6x    | 10.5x    | 7.2x     | 7.9x     |
| <b>Liquidity</b>                                    |           |          |          |          |          |
| Days Available Cash and Investments on Hand (#)     | 573.0     | 506.1    | 461.3    | 435.4    | 419.0    |
| Operating Cash Flow (%)                             | 10.3%     | 10.4%    | 9.3%     | 10.5%    | 10.9%    |
| <b>Solvency</b>                                     |           |          |          |          |          |
| Current Ratio (x)                                   | 1.3x      | 1.2x     | 1.2x     | 1.2x     | 1.2x     |
| Ratio of Long Term Debt to Total Capitalization (%) | 18.8%     | 18.5%    | 18.2%    | 17.9%    | 17.5%    |
| Ratio of Cash Flow to Long Term Debt (%)            | 22.0%     | 23.1%    | 21.2%    | 24.7%    | 26.5%    |
| Unrestricted Net Assets (\$ in millions)            | \$ 5,312  | \$ 5,434 | \$ 5,518 | \$ 5,663 | \$ 5,807 |
| Total Net Assets (\$ in millions)                   | \$ 6,133  | \$ 6,254 | \$ 6,339 | \$ 6,484 | \$ 6,628 |

| Key Financial Metrics and Ratios                    | Actual   |          |          | Industry Data (1)                    |                            |                       |
|---|----------|----------|----------|--------------------------------------|----------------------------|-----------------------|
|   | 2016     | 2017     | 2018     | RMA - Medical and Surgical Hospitals | IBIS - Hospitals in the US | Definitive Healthcare |
| <b>Children's Medical Center Corporation</b>        |          |          |          |                                      |                            |                       |
| <b>Profitability</b>                                |          |          |          |                                      |                            |                       |
| Operating Margin (%)                                | 1.3%     | 2.2%     | 3.2%     | 1.8%                                 | 8.6%                       | -5.4%                 |
| Excess Margin (%)                                   | 5.8%     | 13.6%    | 16.7%    | 1.0%                                 | NA                         | 1.3% (2)              |
| Debt Service Coverage Ratio (x)                     | 5.5x     | 5.5x     | 6.1x     | NA                                   | 7.3x                       | NA                    |
| <b>Liquidity</b>                                    |          |          |          |                                      |                            |                       |
| Days Available Cash and Investments on Hand (#)     | 534.1    | 604.0    | 631.0    | NA                                   | NA                         | 32.6                  |
| Operating Cash Flow (%)                             | 8.3%     | 9.2%     | 10.1%    | NA                                   | 6.0%                       | NA                    |
| <b>Solvency</b>                                     |          |          |          |                                      |                            |                       |
| Current Ratio (x)                                   | 1.6x     | 1.4x     | 1.4x     | 1.4x                                 | 1.9x                       | 2.5x                  |
| Ratio of Long Term Debt to Total Capitalization (%) | 17.5%    | 20.4%    | 19.0%    | 37.8%                                | NA                         | NA                    |
| Ratio of Cash Flow to Long Term Debt (%)            | 21.7%    | 18.7%    | 21.3%    | NA                                   | NA                         | NA                    |
| Unrestricted Net Assets (\$ in millions)            | \$ 4,102 | \$ 4,729 | \$ 5,234 | NA                                   | NA                         | NA                    |
| Total Net Assets (\$ in millions)                   | \$ 4,851 | \$ 5,502 | \$ 6,054 | \$516                                | NA                         | NA                    |

**Footnotes:**

(1) Industry data ratios based on each data source's respective definitions and may differ from the ratio definitions listed below.

(2) Profit before taxes margin from RMA data and net income margin from Definitive Healthcare data treated as an equivalent to excess margin.

The Key Metrics fall into three primary categories: profitability, liquidity, and solvency. Profitability metrics are used to assist in the evaluation of management performance in how efficiently resources are utilized. Liquidity metrics, including common ratios such as “days of available cash and investments on hand”, measure the quality and adequacy of assets to meet current obligations as they come due. Solvency metrics measure the company’s ability to take on and service debt obligations. Additionally, certain metrics can be applicable to multiple categories. The table below shows how each of the Key Metrics are calculated.



| Key Financial Metrics and Ratios                    |  |
|---|--|
| Ratio Definitions                                   | Calculation  |
| <b>Profitability</b>                                |  |
| Operating Margin (%)                                | Gain from Operations Divided by Total Operating Revenue  |
| Excess Margin (%)                                   | Excess of Revenue over Expenses Divided by (Total Operating Revenue + Total Nonoperating Gains)  |
| Debt Service Coverage Ratio (x)                     | (Gains from Operations + Depreciation and Amortization + Interest) Divided by Interest (1)   |
| <b>Liquidity</b>                                    |  |
| Days Available Cash and Investments on Hand (#)     | (Cash and Unrestricted as to Use Investments) Multiplied by 365 Divided by (Total Operating Expenses Less Depreciation and Amortization) |
| Operating Cash Flow (%)                             | (Gains from Operations Plus Depreciation, Amortization and Interest) Divided by Total Operating Revenue                                  |
| <b>Solvency</b>                                     |  |
| Current Ratio (x)                                   | Current Assets Divided by Current Liabilities  |
| Ratio of Long Term Debt to Total Capitalization (%) | Long Term Debt Divided by Total Capitalization (Long Term Debt and Unrestricted Net Assets)  |
| Ratio of Cash Flow to Long Term Debt (%)            | (Gains from Operations Plus Depreciation, Amortization and Interest) Divided by Long Term Debt   |
| Unrestricted Net Assets (\$ in thousands)           | Total Unrestricted Net Assets  |
| Total Net Assets (\$ in thousands)                  | Total Net Assets   |

Footnotes:

(1) Per Management, there are no principal repayments in the historical or projected period reviewed.

## 1. Revenue

We analyzed the projected revenue within the Projections. Revenue for the Applicant includes net patient service revenue, research grants and contracts, recovery of indirect costs on grants and contracts, other operating revenue, unrestricted contributions net of fundraising expenses, teaching, administration, and supervision revenue, and net assets released from restriction used for operation.

Approximately 79.0 percent of revenue is derived from net patient service revenue. Net patient service revenue is projected to grow between 2.0 percent and 3.4 percent annually over the projection period which is below actual growth of 7.5 percent in FY 2017 and 6.0 percent in FY 2018. Of the net patient service revenue, approximately 66.0 percent is derived from the

Hospital, approximately 28.0 percent is from the PO, and the remainder from other subsidiaries. Management held net patient service revenue from the PO flat to FY 2018 levels throughout the projection period. Based upon our discussions with Management and the documents provided, the projected net patient service revenue for the Hospital was estimated based upon Management's anticipated changes in the following categories:

#### **Statistics**

Inpatient and outpatient statistics are based on the approved fiscal year 2019 budget. Statistics for FY 2020 through FY 2023 are based on projected number of bedded patient days. Bedded patient days increased between 0.0 percent and 2.2 percent per year over the projections, which falls within the historical range observed for FY 2017 and FY 2018 of -1.5 percent to 4.0 percent.

#### **Gross Charges per Statistic**

Gross charge per statistic for FY 2019 is based on the approved FY 2019 budget. Beyond FY 2019, gross charges increase at a rate of 3.0 percent per year, which is consistent with the Applicant's long-term plan presented to and approved by the Board (the "Board Approved Plan").

#### **Payment on Account Factor ("PAF")**

The PAF for FY 2019 is based on the approved FY 2019 budget. Beyond FY 2019, the PAF is based on the prior year's PAF, and updated to reflect charge increase and anticipated changes in payer rates. The charge increase is 3.0 percent annually, which is consistent



with the Board Approved Plan, while the change in payer rates varies by payer; however, ranges from 1.0 to 3.0 percent annually.

As discussed above, the Proposed Projects reflect conservation or renovation of existing spaces to maintain or come into compliance with various regulations. As such, incremental revenue is not expected nor projected within the Projections.

In order to determine the reasonableness of the projected revenue, we reviewed the underlying assumptions upon which Management relied. Based upon our review, Management relied upon the historical operations and anticipated market movements. The five-year compound annual growth rate ("CAGR") for total operating revenue in the Projections of 3.1 percent falls below Children's revenue growth rates in the prior two fiscal years. Based upon the foregoing, it is our opinion that the revenue growth projected by Management is based on reasonable assumptions and is feasible for Children's.

## **2. Operating Expenses**

We analyzed each of the categorized operating expenses for reasonableness and feasibility as it related to the Projections.

The operating expenses in the analysis include salaries and benefits, supplies and other expenses, direct research expenses of grants, depreciation and amortization, costs related to asset dispositions, and interest and net interest rate swap cash flows. Salaries and benefits account for approximately 56.0 percent of total operating expenses and supplies and other



expenses account for approximately 25.0 percent of total operating expenses throughout the projection period.

Salaries and benefits were projected to increase annually between 2.3 percent and 3.3 percent over the projection period. Approximately 54.0 percent of the Applicant's total salaries and benefits relate to the Hospital. Management held salaries and benefits flat to FY 2018 for the other components of the Applicant. Growth in salaries and benefits for the Hospital was determined based on growth in full time equivalents ("FTEs") and change in wages. FTEs were determined based on the growth in adjusted patient days. Wages were grown 2.5 percent annually, which is consistent with the Applicant's long-term plan.

Supplies were projected to increase annually between 0.3 percent and 7.3 percent. Approximately 92.0 percent of the Applicant's total supplies and other expenses relate to the Hospital. Similar to the increase in salaries and benefits, supplies were projected to increase based on adjusted patient days and expense per FTE. Expense per FTE was grown by 2.0 percent (or 3.0 percent for drugs and pharmacy expenses), which is consistent with the Board Approved Plan.

Based upon the foregoing, it is our opinion that the operating expenses projected by Management reflects are based on reasonable assumptions and are feasible for the Applicant.



### **3. Improvement Plan**

Management incorporates an improvement plan within its financial forecast for FY 2020 through FY 2023. This improvement plan reflects future initiatives and strategic plans which are not yet identified and therefore, not allocable to detailed line items in the income statement. We understand based on discussions with Management that the Applicant undergoes this process as a part of its regular forecasting. We reviewed the Applicant's actual gain from operations in comparison to the Applicant's budget for each of the prior 15 fiscal years and noted the Applicant met or exceeded budget in 13 out of 15 years. As such, it is feasible that the Applicant will continue to achieve the improvement plan targets included in the Projections.

### **4. Capital Expenditures and Proposed Projects Financing**

We reviewed the project costs within the Projections related to the Proposed Projects of which \$32,971,000 are classified as maximum capital expenditures per the DON regulations. The project costs related to the Proposed Projects are included within the Projections in routine capital in FY 2020 and reflects approximately 36.6 percent of the total routine capital budget of \$90.0 million for the year. Renovations to the emergency department are estimated at \$2.2 million, renovations to the pharmacy are estimated at \$12.9 million, renovations to radiology are estimated at \$0.5 million, and building renewals are estimated at \$17.4 million.

In addition to capital expenditures, we also reviewed the proposed financing of the projects. It is our understanding that the expenditures related to the Proposed Projects are expected to be funded through the Applicant's net assets and cash flows. The capital expenditures are included

within the Applicant's cash flows with no additional debt financing anticipated. We note that the Projections include cumulative routine capital expenditures of \$441.0 million and major project expenditures of \$1,713.0 million for a total cumulative capital expenditure of \$2,154.0 million over the projection period. The capital expenditures subject to the Proposed Projects represents 1.5 percent of the total capital expenditures over the five years. We note the model indicates total cash on the balance of greater than \$194.0 million in each year, before considering the Applicant's various investments. Therefore, it appears that the Applicant will be able to finance the Proposed Projects within its normal capital expenditures without the need for debt financing.

## VI. FEASIBILITY

We analyzed the Projections and Key Metrics for the Proposed Projects. In preparing our analysis we considered multiple sources of information including industry metrics, historical results, and Management expectations. It is important to note that the Projections do not account for any anticipated changes in accounting standards. These standards, which may have a material impact on individual future years, are not anticipated to have a material impact on the aggregate Projections.

Within the projected financial information, the Projections exhibit a cumulative operating EBITDA surplus of approximately 10.3 percent of cumulative projected operating revenue for the five years from 2019 through 2023. Based upon our review of the relevant documents and analysis of the Projections, we determined the anticipated operating surplus is a reasonable expectation and based upon feasible financial assumptions. Accordingly, we determined that



the Projections are reasonable and feasible, and not likely to have a negative impact on the patient panel or result in a liquidation of assets of Children's.

Respectively submitted,

A handwritten signature in black ink, appearing to read "Erik Lynch", written in a cursive style.

Erik Lynch  
Partner, BDO USA LLP



## Exhibit 9: Articles of Organization/Trust Agreement



# The Commonwealth of Massachusetts

MICHAEL JOSEPH CONNOLLY

Secretary of State

ONE ASHBURTON PLACE, BOSTON, MASS. 02108

## ARTICLES OF ORGANIZATION

(Under G.L. Ch. 180)

Incorporators

### NAME

### RESIDENCE

Include given name in full in case of natural persons; in case of a corporation, give state of incorporation.

David S. Weiner

28 Norwich Road  
Wellesley, MA 02181

106917

The above-named incorporator(s) do hereby associate (themselves) with the intention of forming a corporation under the provisions of General Laws, Chapter 180 and hereby state(s):

1. The name by which the corporation shall be known is:

The Children's Hospital Corporation

2. The purposes for which the corporation is formed is as follows:

To provide medical and surgical care and treatment to infants, children, adolescents and young adults.

To instruct, supervise and train physicians, nurses, technicians and others in the care, treatment and prevention of disease of infants, children, adolescents and young adults.

To operate and conduct a hospital or hospitals, together with affiliated institutions, research laboratories and other services where all the resources of medical and related sciences will be combined to provide quality care for infants, children, adolescents and young adults, and to determine new and improved methods for the treatment and prevention of diseases, and to disseminate information about such matters.

To participate to the extent desirable or practical, in any activity designed and carried on to promote the general health of the community.

To do all things necessary or advisable to carry out any or all of the foregoing purposes.

07-225013

Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on separate 8 1/2 x 11 sheets of paper leaving a left hand margin of at least 1 inch for binding. Additions to more than one article may be continued on a single sheet so long as each article requiring each such addition is clearly indicated.

C ☒  
P ☒  
M ☐  
R.A. ☐

3. If the corporation has more than one class of members, the designation of such classes, the manner of election or appointment, the duration of membership and the qualification and rights, including voting rights, of the members of each class, are as follows: -

Not Applicable

- \*4. Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or members, or of any class of members, are as follows:-

See pages 4A through 4D attached hereto  
and made a part hereof.

4. The corporation shall have the following powers in furtherance of its corporate purposes:

(a) The corporation shall have perpetual succession in its corporate name.

(b) The corporation may sue and be sued.

(c) The corporation may have a corporate seal which it may alter at pleasure.

(d) The corporation may elect or appoint directors, officers, employees and other agents, fix their compensation and define their duties and obligations.

(e) The corporation may purchase, receive or take by grant, gift, devise, bequest or otherwise, lease, or otherwise acquire, own, hold, improve, employ, use and otherwise deal in and with, real or personal property, or any interest therein, wherever situated, in an unlimited amount.

(f) The corporation may solicit and receive contributions from any and all sources and may receive and hold, in trust or otherwise, funds received by gift or bequest.

(g) The corporation may sell, convey, lease, exchange, transfer or otherwise dispose of, or mortgage, pledge, encumber or create a security interest in, all or any of its property, or any interest therein, wherever situated.

(h) The corporation may purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, employ, sell, lend, lease, exchange, transfer, or otherwise dispose of, mortgage, pledge, use and otherwise deal in and with, bonds and other obligations, shares, or other securities or interests issued by others, whether engaged in similar or different business, governmental, or other activities.

(i) The corporation may make contracts, give guarantees and incur liabilities, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds and other obligations, and secure any of its obligations by mortgage, pledge or encumbrance of, or security interest in, all or any of its property or any interest therein, wherever situated.

(j) The corporation may lend money, invest and reinvest its funds, and take and hold real and personal property as security for the payment of funds so loaned or invested.

(k) The corporation may do business, carry on its operations, and have offices and exercise the powers granted by Massachusetts General Laws, Chapter 180, in any jurisdiction within or without the United States, although the corporation shall not be operated for the primary purpose of carrying on for profit a trade or business unrelated to its tax exempt purposes.

(l) The corporation may pay pensions, establish and carry out pension, savings, thrift and other retirement and benefit plans, trusts and provisions for any or all of its directors, officers and employees.

(m) The corporation may make donations in such amounts as the members or directors shall determine, irrespective of corporate benefit, for the public welfare or for community fund, hospital, charitable, religious, educational, scientific, civic or similar purposes, and in time of war or other national emergency in aid thereof; provided that, as long as the corporation is entitled to exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code, it shall make no contribution for other than religious, charitable, scientific, testing for public safety, literary, or educational purposes or for the prevention of cruelty to children or animals.

(n) The corporation may be an incorporator of other corporations of any type or kind.

(o) The corporation may be a partner in any business enterprise which it would have power to conduct by itself.

(p) The directors may make, amend or repeal the by-laws in whole or in part, except with respect to any provision thereof which by law or the by-laws requires action by the members.

(q) Meetings of the members may be held anywhere in the United States.

(r) No part of the assets of the corporation and no part of any net earnings of the corporation shall be divided among or inure to the benefit of any officer or director of the corporation or any private individual or be appropriated for any purposes other than the purposes of the corporation as herein set forth; and no substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting, to influence legislation except to the extent that the corporation makes expenditures for purposes of influencing legislation in conformity with the requirements of Section 501(h) of the Internal Revenue Code; and the corporation shall not

participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office. It is intended that the corporation shall be entitled to exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code and shall not be a private foundation under Section 509(a) of the Internal Revenue Code.

(s) Upon the liquidation or dissolution of the corporation, after payment of all of the liabilities of the corporation or due provision therefor, all of the assets of the corporation shall be disposed of to The Children's Medical Center Corporation, a Massachusetts corporation, so long as it is then exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code or if it is not then so exempt, to one or more organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

(t) In the event that the corporation is a private foundation as that term is defined in Section 509 of the Internal Revenue Code, then notwithstanding any other provisions of the articles of organization or the by-laws of the corporation, the following provisions shall apply:

The directors shall distribute the income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code.

The directors shall not engage in any act of self dealing as defined in Section 4941(d) of the Internal Revenue Code; nor retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code; nor make any investments in such manner as to incur tax liability under Section 4944 of the Internal Revenue Code; nor make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code.

(u) The corporation shall have and may exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is formed; provided, however, that no such power shall be exercised in a manner inconsistent with Massachusetts General Laws, Chapter 180 or any other chapter of the General Laws of The Commonwealth of Massachusetts; and provided, further, that the corporation shall not engage in any activity or exercise any power which would deprive it of any exemption from federal income tax which the corporation may receive under Section 501(c)(3) of the Internal Revenue Code.

(v) All references herein: (i) to the Internal Revenue Code shall be deemed to refer to the Internal Revenue Code of 1954, as now in force or hereafter amended; (ii) to the General Laws of The Commonwealth of Massachusetts, or any chapter thereof, shall be deemed to refer to said General Laws or chapter as now in force or hereafter amended; and (iii) to particular sections of the Internal Revenue Code or the General Laws of The Commonwealth of Massachusetts shall be deemed to refer to similar or successor provisions hereafter adopted.

THE CHILDREN'S HOSPITAL CORPORATION

BOARD OF TRUSTEES

| <u>Name</u>              | <u>Residence</u>                             | <u>Post Office Address</u>   |
|--------------------------|--|--|
| Aldo Castaneda, M.D.     | 121 Monodnock Rd.<br>Chestnut Hill, MA 02167 | 300 Longwood Avenue<br>Boston, MA 02115  |
| Nancy Kaplan             | 96 Country Club Lane<br>Belmont, MA 02178    |  |
| George Kidder            | 110 Spencer Brook Rd.<br>Concord, MA 01742   | Hemenway & Barnes<br>60 State Street<br>Boston, MA 02109                             |
| John Kirkpatrick, M.D.   | 34 Lowell Rd.<br>Wellesley, MA 02181         | 300 Longwood Avenue<br>Boston, MA 02115  |
| David Kosowsky,<br>Sc.D. | 100 Dudley Rd.<br>Newton Ctre, MA 02159      | Damon, Inc.<br>115 4th Avenue<br>Needham, MA 02194                                   |
| LaWare, John P.          | 100 Codman Rd.<br>Brookline, MA 02145        | Shawmut Bank of Boston<br>One Federal Street<br>Boston, MA 02211                     |
| David A. Mittell         | 22 Chestnut Pl.<br>Brookline, MA 02146       | Davenport & Peters Co.<br>177 Milk Street<br>Boston, MA 02109                        |
| E. James Morton          | 11 Rockridge Road<br>Wellesley, MA 02181     | John Hancock Mutual Life<br>Ins. Co.<br>P. O. Box 111<br>Boston, MA 02117            |
| George W. Phillips       | 12 Tophet Rd.<br>Lynnfield, MA 01940         | The Boston Company<br>One Boston Place<br>Boston, MA 02106                           |
| Hon. Joseph L.<br>Tauro  | 47 Nanepashemet St.<br>Marblehead, MA 01945  | U.S. District Court<br>P.O. Court House<br>Building<br>Room 1615<br>Boston, MA 02109 |

David S. Weiner

28 Norwich Rd.  
Wellesley, MA 02181

300 Longwood Avenue  
Boston, MA 02115

William W. Wolbach

377 Summer Street  
Manchester, MA 01944

One Boston Place  
Suite 923  
Boston, MA 02108



# The Children's Hospital Medical Center

300 Longwood Avenue, Boston, Massachusetts 02115, Telephone: (617) 735-6433

David S. Weiner  
President

August 11, 1982

Secretary of State  
Corporations Division  
One Ashburton Place  
Boston, MA 02202

Gentlemen:

The Children's Hospital Medical Center Corporation, a corporation organized under the laws of Massachusetts in 1869, hereby consents to the use of the name The Children's Hospital Corporation by a corporation soon to be organized under Chapter 180 of the General Laws. The Children's Hospital Medical Center Corporation further states its intention to change its name before The Children's Hospital Corporation begins active operations.

THE CHILDREN'S HOSPITAL MEDICAL  
CENTER CORPORATION

By

A large, stylized handwritten signature in dark ink, appearing to read "David S. Weiner".

DSW:mok

5. By-laws of the corporation have been duly adopted and the initial directors, president, treasurer and clerk or other presiding, financial or recording officers whose names are set out below, have been duly elected.
6. The effective date of organization of the corporation shall be the date of filing with the Secretary of the Commonwealth or if later date is desired, specify date, (not more than 30 days after date of filing).
7. The following information shall not for any purpose be treated as a permanent part of the Articles of Organization of the corporation.

a. The post office address of the initial principal office of the corporation in Massachusetts is:  
300 Longwood Avenue, Boston, Massachusetts 02115

b. The name, residence, and post office address of each of the initial directors and following officers of the corporation are as follows:

|            | NAME                           | RESIDENCE                                     | POST OFFICE ADDRESS  |
|------------|--------------------------------|---|--|
| President: | David S. Weiner                | 28 Norwich Road<br>Wellesley, MA 02181        | 300 Longwood Ave.<br>Boston, MA 02115                      |
| Treasurer: | George W. Phillips             | 12 Tophet Road<br>Lynnfield, MA 01940         | The Boston Company<br>One Boston Place<br>Boston, MA 02106 |
| Secretary: | <del>XXX</del> Jane L. O'Neill | 1802 Massachusetts Ave<br>Cambridge, MA 02140 | 300 Longwood Ave.<br>Boston, MA 02115                      |

Directors: (or officers having the powers of directors)

See pages 7A through 7B attached hereto  
and made a part hereof.

c. The date initially adopted on which the corporation's fiscal year ends is:

September 30 of each year.

d. The date initially fixed in the by-laws for the annual meeting of members of the corporation is:

Fourth Tuesday in October.

e. The name and business address of the resident agent, if any, of the corporation is:

None

IN WITNESS WHEREOF, and under the penalties of perjury the INCORPORATOR(S) sign(s) these Articles of Organization this 11<sup>th</sup> day of AUGUST, 19 82

I/We the below signed INCORPORATORS do hereby certify under the pains and penalties of perjury that I/We have not been convicted of any crimes relating to alcohol or gaming within the past ten years; I/We do hereby further certify that to the best of my/our knowledge the above named principal officers have not been similarly convicted. If so convicted, explain.

David S. Weiner

The signature of each incorporator which is not a natural person must be by an individual who shall show the capacity in which he acts and by signing shall represent under the penalties of perjury that he is duly authorized on its behalf to sign these Articles of Organization.

SECRETARY OF  
THE COMMONWEALTH

1982 AUG 12 PM 3:33

CORPORATION THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF ORGANIZATION  
GENERAL LAWS, CHAPTER 180

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I hereby certify that, upon an examination of the within-written articles of organization, duly submitted to me, it appears that the provisions of the General Laws relative to the organization of corporations have been complied with, and I hereby approve said articles; and the filing fee in the amount of \$30.00 having been paid, said articles are deemed to have been filed with me this 13th day of August 1982

Effective date

*Michael Joseph Connolly*

MICHAEL JOSEPH CONNOLLY

Secretary of State

TO BE FILLED IN BY CORPORATION .  
PHOTO COPY OF ARTICLES OF ORGANIZATION TO BE SENT

TO:

Ronald B. Schram

Ropes & Gray

225 Franklin St., Boston, MA 02110

Telephone (617) 423-6100

Filing Fee \$30.00

Copy Mailed OCT 7 1982



## Exhibit 10: Current IRS Form, 990 Schedule H CHNA/CHIP



**SCHEDULE H  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Hospitals**

- **Complete if the organization answered "Yes" on Form 990, Part IV, question 20.**  
 ► **Attach to Form 990.**  
 ► **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2017**

**Open to Public  
Inspection**

Name of the organization

Children's Hospital Corporation

Employer identification number

04-2774441

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

|  | Yes                                 | No                                  |
|--|-------------------------------------|-------------------------------------|
| <b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a  | <input checked="" type="checkbox"/> |                                     |
| <b>b</b> If "Yes," was it a written policy?  | <input checked="" type="checkbox"/> |                                     |
| <b>2</b> If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year.   |                                     |                                     |
| <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities   |                                     |                                     |
| <input type="checkbox"/> Applied uniformly to most hospital facilities   |                                     |                                     |
| <input type="checkbox"/> Generally tailored to individual hospital facilities  |                                     |                                     |
| <b>3</b> Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.  |                                     |                                     |
| <b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care?   | <input checked="" type="checkbox"/> |                                     |
| If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:   |                                     |                                     |
| <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %  |                                     |                                     |
| <b>b</b> Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:   | <input checked="" type="checkbox"/> |                                     |
| <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ %  |                                     |                                     |
| <b>c</b> If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care. |                                     |                                     |
| <b>4</b> Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?  | <input checked="" type="checkbox"/> |                                     |
| <b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?  | <input checked="" type="checkbox"/> |                                     |
| <b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?  |                                     | <input checked="" type="checkbox"/> |
| <b>c</b> If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?  |                                     |                                     |
| <b>6a</b> Did the organization prepare a community benefit report during the tax year?   | <input checked="" type="checkbox"/> |                                     |
| <b>b</b> If "Yes," did the organization make it available to the public?   | <input checked="" type="checkbox"/> |                                     |

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

| 7 Financial Assistance and Certain Other Community Benefits at Cost                                |   |                               |                                     |                               |                                   |                              |
|--|---|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------------|
|  | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
| <b>Financial Assistance and Means-Tested Government Programs</b>                                   |   |                               |                                     |                               |                                   |                              |
| <b>a</b> Financial Assistance at cost (from Worksheet 1)   |   |                               | 28,854,222.                         | 18,451,698.                   | 10,402,524.                       | .59%                         |
| <b>b</b> Medicaid (from Worksheet 3, column a)   |   |                               | 382,104,795.                        | 264,829,371.                  | 117,275,424.                      | 6.62%                        |
| <b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b)              |   |                               |                                     |                               |                                   |                              |
| <b>d</b> Total Financial Assistance and Means-Tested Government Programs                           |   |                               | 410,959,017.                        | 283,281,069.                  | 127,677,948.                      | 7.21%                        |
| <b>Other Benefits</b>  |   |                               |                                     |                               |                                   |                              |
| <b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) |   |                               | 6,030,073.                          | 219,975.                      | 5,810,098.                        | .33%                         |
| <b>f</b> Health professions education (from Worksheet 5)   |   |                               | 39,420,709.                         | 7,209,593.                    | 32,211,116.                       | 1.82%                        |
| <b>g</b> Subsidized health services (from Worksheet 6)   |   |                               | 29,310,510.                         | 23,703,084.                   | 5,607,426.                        | .32%                         |
| <b>h</b> Research (from Worksheet 7)   |   |                               | 395,614,086.                        | 383,759,188.                  | 11,854,898.                       | .67%                         |
| <b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8)                   |   |                               | 1,712,643.                          |                               | 1,712,643.                        | .10%                         |
| <b>j</b> Total Other Benefits  |   |                               | 472,088,021.                        | 414,891,840.                  | 57,196,181.                       | 3.24%                        |
| <b>k</b> Total. Add lines 7d and 7j  |   |                               | 883,047,038.                        | 698,172,909.                  | 184,874,129.                      | 10.45%                       |





**Part V Facility Information** (continued)**Section B. Facility Policies and Practices**

(complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group Boston Children's Hospital

Line number of hospital facility, or line numbers of hospital

facilities in a facility reporting group (from Part V, Section A): 1

|  | Yes | No |
|--|-----|----|
| <b>Community Health Needs Assessment</b>   |     |    |
| 1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?   | 1   | X  |
| 2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C  | 2   | X  |
| 3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12   | 3   | X  |
| If "Yes," indicate what the CHNA report describes (check all that apply):  |     |    |
| a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility  |     |    |
| b <input checked="" type="checkbox"/> Demographics of the community  |     |    |
| c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community   |     |    |
| d <input checked="" type="checkbox"/> How data was obtained  |     |    |
| e <input checked="" type="checkbox"/> The significant health needs of the community  |     |    |
| f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups  |     |    |
| g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs  |     |    |
| h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests   |     |    |
| i <input type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)   |     |    |
| j <input type="checkbox"/> Other (describe in Section C)   |     |    |
| 4 Indicate the tax year the hospital facility last conducted a CHNA: <u>20 15</u>  |     |    |
| 5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted | 5   | X  |
| 6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C  | 6a  | X  |
| b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C  | 6b  | X  |
| 7 Did the hospital facility make its CHNA report widely available to the public?   | 7   | X  |
| If "Yes," indicate how the CHNA report was made widely available (check all that apply):   |     |    |
| a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>www.childrenshospital.org</u>   |     |    |
| b <input type="checkbox"/> Other website (list url):   |     |    |
| c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility  |     |    |
| d <input checked="" type="checkbox"/> Other (describe in Section C)  |     |    |
| 8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11  | 8   | X  |
| 9 Indicate the tax year the hospital facility last adopted an implementation strategy: <u>20 16</u>  |     |    |
| 10 Is the hospital facility's most recently adopted implementation strategy posted on a website?   | 10  | X  |
| a If "Yes," (list url): <u>childrenshospital.org/about-us/community-mission/community-needs-assessment</u>   |     |    |
| b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?   | 10b |    |
| 11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.  |     |    |
| 12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?  | 12a | X  |
| b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?   | 12b |    |
| c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$  |     |    |

**Part V Facility Information** (continued)**Financial Assistance Policy (FAP)**Name of hospital facility or letter of facility reporting group Boston Children's Hospital

|   | Yes         | No |
|---|-------------|----|
| Did the hospital facility have in place during the tax year a written financial assistance policy that:   |             |    |
| <b>13</b> Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? .....  | <b>13</b> X |    |
| If "Yes," indicate the eligibility criteria explained in the FAP:   |             |    |
| a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> %<br>and FPG family income limit for eligibility for discounted care of <u>400</u> %   |             |    |
| b <input type="checkbox"/> Income level other than FPG (describe in Section C)  |             |    |
| c <input type="checkbox"/> Asset level  |             |    |
| d <input type="checkbox"/> Medical indigency  |             |    |
| e <input checked="" type="checkbox"/> Insurance status  |             |    |
| f <input checked="" type="checkbox"/> Underinsurance status   |             |    |
| g <input type="checkbox"/> Residency  |             |    |
| h <input type="checkbox"/> Other (describe in Section C)  |             |    |
| <b>14</b> Explained the basis for calculating amounts charged to patients? .....  | <b>14</b> X |    |
| <b>15</b> Explained the method for applying for financial assistance? .....   | <b>15</b> X |    |
| If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):   |             |    |
| a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application  |             |    |
| b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application  |             |    |
| c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process  |             |    |
| d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications   |             |    |
| e <input checked="" type="checkbox"/> Other (describe in Section C)   |             |    |
| <b>16</b> Was widely publicized within the community served by the hospital facility? .....   | <b>16</b> X |    |
| If "Yes," indicate how the hospital facility publicized the policy (check all that apply):  |             |    |
| a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>www.childrenshospital.org/financialassistance</u>  |             |    |
| b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>See Part V, Page 8</u>  |             |    |
| c <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>See Part V, Page 8</u>   |             |    |
| d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)  |             |    |
| e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)   |             |    |
| f <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)  |             |    |
| g <input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention |             |    |
| h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP   |             |    |
| i <input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations   |             |    |
| j <input checked="" type="checkbox"/> Other (describe in Section C)   |             |    |

Schedule H (Form 990) 2017

**Part V Facility Information** (continued)**Billing and Collections**Name of hospital facility or letter of facility reporting group Boston Children's Hospital

|  | Yes | No |
|--|-----|----|
| 17 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment? | X   |    |
| 18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:                      |     |    |
| a <input type="checkbox"/> Reporting to credit agency(ies)   |     |    |
| b <input type="checkbox"/> Selling an individual's debt to another party   |     |    |
| c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP  |     |    |
| d <input type="checkbox"/> Actions that require a legal or judicial process  |     |    |
| e <input type="checkbox"/> Other similar actions (describe in Section C)   |     |    |
| f <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted  |     |    |
| 19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?   |     | X  |
| If "Yes," check all actions in which the hospital facility or a third party engaged:   |     |    |
| a <input type="checkbox"/> Reporting to credit agency(ies)   |     |    |
| b <input type="checkbox"/> Selling an individual's debt to another party   |     |    |
| c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP  |     |    |
| d <input type="checkbox"/> Actions that require a legal or judicial process  |     |    |
| e <input type="checkbox"/> Other similar actions (describe in Section C)   |     |    |
| 20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):   |     |    |
| a <input checked="" type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs  |     |    |
| b <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process  |     |    |
| c <input type="checkbox"/> Processed incomplete and complete FAP applications  |     |    |
| d <input type="checkbox"/> Made presumptive eligibility determinations   |     |    |
| e <input type="checkbox"/> Other (describe in Section C)   |     |    |
| f <input type="checkbox"/> None of these efforts were made   |     |    |

**Policy Relating to Emergency Medical Care**

|  |   |  |
|--|---|--|
| 21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? | X |  |
| If "No," indicate why:   |   |  |
| a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions   |   |  |
| b <input type="checkbox"/> The hospital facility's policy was not in writing   |   |  |
| c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)   |   |  |
| d <input type="checkbox"/> Other (describe in Section C)   |   |  |

Schedule H (Form 990) 2017

**Part V** Facility Information (continued)**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**Name of hospital facility or letter of facility reporting group Boston Children's Hospital

|   | Yes | No |
|---|-----|----|
| 22 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.   |     |    |
| a <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period   |     |    |
| b <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period  |     |    |
| c <input checked="" type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period |     |    |
| d <input type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method   |     |    |
| 23 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....                 | 23  | X  |
| If "Yes," explain in Section C.   |     |    |
| 24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....   | 24  | X  |
| If "Yes," explain in Section C.   |     |    |

Schedule H (Form 990) 2017

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18a, 19e, 20a, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

Boston Children's Hospital:

Part V, Section B, Line 5: For the 2016 CHNA, Boston Children's Hospital

used a participatory, collaborative approach and examined health in its

broadest context. As part of the CHNA, Boston Children's sought input from

its Community Advisory Board (CAB) members and engaged youth to design,

collect and analyze data on youth perceptions of needs and opportunities.

The assessment process also included synthesizing existing data on social,

economic, and health indicators in Boston. Eight stakeholder interviews

and two focus groups with community residents were also conducted to

explore perceptions of the community, health and social challenges for

children and families, and recommendations for how to address these

concerns. Additionally, Boston Children's collaborated with other

hospitals through the Conference of Boston Teaching Hospitals to gather

information on community needs via four focus groups hosted by community

coalitions. Boston Children's also gathered information on challenges

faced by children with special needs and their families by attending a

focus group listening session facilitated by Health Care for All. Lastly,

the CHNA was informed by results from Boston Children's Determination of

Need community engagement process. This process, which was guided by an

Advisory Group that met in person six times, included conducting seven

facilitated open community engagement sessions across the city of Boston.

Four targeted small group discussions were also held with communities that

were under-represented in the larger community sessions.

A formal and comprehensive needs assessment is only one part of Boston

Children's approach to understanding the complex health needs and vital

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

resources within the community. Boston Children's is constantly listening and learning from patient families, community leaders and staff. The staff rely on ongoing conversations with the hospital's key partners-community health centers and community-based organizations, as well as the Boston Public Health Commission and the Boston Public Schools.

Through the CAB, which meets on a quarterly basis, Boston Children's has a direct link to expertise on Boston neighborhoods, community organizations and current health needs. The CAB is instrumental in providing feedback throughout the year and in the development and execution of Boston Children's formal assessment process.

Boston Children's Hospital:

Part V, Section B, Line 7d: A comprehensive report on Boston Children's CHNA is available on the hospital's website. In addition, a special report on the CHNA was created to share the process, top findings and Boston Children's plan to address community-identified concerns. The special report was distributed by mail and by email to key stakeholders and all external participants involved in the community process. Boston Children's also distributed the report widely to internal staff. The complete assessment and special report can be found on our website at [Bostonchildrens.org/community](http://Bostonchildrens.org/community)

Boston Children's Hospital:

Part V, Section B, Line 11: Boston Children's addresses the health and

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

social needs identified in a comprehensive community health assessment

process through our clinical care, services and programs and in

collaboration with community partners. Below is a summary of the needs

identified and Boston Children's efforts. For the complete Community

Health and Benefits Plan, visit [bostonchildrens.org/community](http://bostonchildrens.org/community).

Behavioral health and issues related to substance abuse

- Offering training and education for school and health center staff

- Providing education and direct services in schools and community health

locations for children and families

- Advocating for changes to improve systems of care

Asthma management, education and treatment

- Improving health and quality of life outcomes for children with asthma

through home visiting and case management services

- Developing cost-effective program models that help families to better

control asthma

- Advocating for changes to improve asthma care

Obesity with a focus on healthy eating and access to physical fitness

opportunities

- Offering prevention and treatment efforts

- Supporting children and families and connecting them to community

resources.

- Building capacity in community settings to help children improve

nutrition and increase physical activity

**Part V Facility Information** (continued)

**Section C. Supplemental information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

Impact of violence and trauma on children, families and communities

- Utilizing clinical expertise to provide prevention, treatment and

advocacy services

- Supporting efforts to help children and families affected by violence

Support for early childhood/child development

- Building community capacity to identify and help children and families

with behavioral health concerns

- Supporting efforts to create integrated systems of care for families

with children starting at birth

- Partnering with community organizations that provide families with

support and treatment services

Programs and opportunities for youth including workforce development

efforts

- Continuing support for programming related to youth-identified needs and

interests

- Working with partners to provide education support and recreation for

youth

Health education for children and families

- Building upon the health education opportunities currently provided

through community programs and services

- Coordinating these resources to better meet the need for health

education in the community

Other issues that affect the health of children and families such as

**Part V** Facility Information (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

housing, jobs, food and safety

- Supporting, funding and working closely with partners and coalitions

working on these issues

Boston Children's Hospital:

Part V, Section B, Line 15e: The Financial Assistance Policy provides as

follows:

Patient/Parent will be referred to a Hospital Financial counselor for determination of eligibility for public assistance or Hospital financial assistance programs. For patients not qualifying for public assistance, information collected will be provided to the Director, Financial Clearance and Financial Counseling, for determination of eligibility in the Hospital Financial Assistance Program. Patients who potentially qualify for financial assistance will be approved by the Hospital Chief Financial Officer, Sr. Director Patient Financial Services and/or Director, Financial Clearance and Financial Counseling, with consultation and approval of the appropriate Foundation Chief or a designee as appropriate.

Boston Children's Hospital

Part V, line 16b, FAF Application website:

[www.childrenshospital.org/financialassistance](http://www.childrenshospital.org/financialassistance)

Boston Children's Hospital

Part V, line 16c, FAF Plain Language Summary website:

**Part V Facility Information** (continued)

Section C, Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

[www.childrenshospital.org/financialassistance](http://www.childrenshospital.org/financialassistance)

Boston Children's Hospital:

Part V, Section B, Line 16j: Children's takes the following additional

steps to make patients aware of the availability of financial assistance:

- Posting of signage in all patient care admission areas of the

availability of financial assistance,

- All billing correspondence includes language regarding the availability

of financial assistance,

- The Hospital web-site provides contact information for Hospital

Financial Counselors who can help assist patients with applying for

programs to cover medical expenses.



**Part VI Supplemental Information**

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

Part I, Line 3c:

Children's, based on its participation in the state of Massachusetts

Health Safety Net, utilizes Federal Poverty Guidelines for determining

eligibility for free care and discounted care to low income individuals.

For purposes of discounted care, Children's offers discounts to

individuals, regardless of income, who are uninsured and are ineligible

for free care or other public programs.

Part I, Line 6a:

Children's files an annual community benefits report with the Attorney

General's Office (AG) in Massachusetts. There are significant differences

between the AG and IRS requirements for reporting community benefits

expenditures. The IRS counts the following as community benefits while

the AG does not: Medicaid shortfalls, indirect costs, health professions

education, and research funded by tax-exempt and government sources.

Children's AG Report is publicly available and can be accessed directly on

the AG's web site, [www.mass.gov/AG](http://www.mass.gov/AG) and Children's web site,

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**Part VI** Supplemental Information (Continuation)

www.childrenshospital.org.

Part I, Line 7:

Children's used an internal cost accounting system for purposes of reporting certain amounts on Part I, line 7. The system is designed to address all segments of patient care (inpatient, outpatient and emergency) and assigns costs to patients from all payer sources (Medicaid, Medicare, managed care, commercial, uninsured and self-pay). The cost of charity care was determined based on the overall relationship of hospital costs as a percentage of hospital charges, applied to charges that qualified as charity care.

Children's provides charity care to all children in need who meet the hospital's charity care standards, which are in alignment with all state mandated regulations.

Nearly 30% of children who receive their care at Children's are insured through Medicaid programs in a number of states including Massachusetts. In aggregate, Medicaid programs do not reimburse the hospital for the total costs of providing care to these children.

Children's has a strong commitment to improving the health status of the children in our local community. Based on a tri-annual community needs assessment, Children's supports a variety of programs and partners both internal and external that are addressing the needs of Boston children.

Children's has also identified four major health focus areas in which it concentrates its efforts. For children in Boston, asthma, mental health, obesity and child development are major concerns. Children's has

Schedule H (Form 990)

**Part VI** Supplemental Information (Continuation)

community based programs in each of these issue areas. The hospital also

has an Office of Child Advocacy that provides support to these programs.

Children's is a leader in education and training for healthcare professionals.

Children's subsidizes services that are either limited or unavailable in the broader community. Examples include psychiatry, primary care, and dental care.

Children's is home to the world's largest and most active research enterprise at a pediatric center.

Recognizing that Children's does not have the capacity to meet all the needs of the children of Boston, it supports (through financial contributions and in kind services) a large number of community based organizations who are providing these important services. Beneficiaries range from full service community health centers to Head Start programs for pre-school children.

For more information, visit [www.childrenshospital.org/community](http://www.childrenshospital.org/community).

Part I, Line 7g:

Children's does not subsidize physician services, thus there are none reported in the dollar amount for subsidized health services.

Part I, Ln 7 Col(f):

The total bad debt expense of \$31,375,695 is included in Form 990, Part

**Part VI** Supplemental Information (Continuation)

IX, line 25 column (A), but subtracted for purposes of calculating the percentage in this column.

**Part II, Community Building Activities:**

In FY18, Children's reported two types of community building activities:

\$1,773,903 for 27 community support programs and \$657,266 for community

health improvement advocacy. Children's community building activities are

designed specifically to address health disparities and improve the health

of children, families and communities. According to public health

literature (see Ambulatory Pediatrics and Health Affairs), initiatives

that address disparities for children across four different levels: the

individual, systemic, community and society can lead to meaningful

improvements in health.

As described in Form 990, Part III Program Service Accomplishments,

Children's takes a multi-pronged approach to tackle the most pressing

health issues facing Boston children. At the same time, Children's

addresses non-health or social determinants of health issues such as

violence, workforce development and education, which also impact a child's

health. Therefore, Children's directs its community building activities in

the following areas:

- Children's public policy advocacy efforts help to improve access to

health care for all individuals and ensure high-quality pediatric

services.

- As a major employer in Massachusetts and civic leader in Boston,

Children's supports efforts to ensure a diverse and culturally competent

health care workforce as well as promotes economic health in the

**Part VI** Supplemental Information (Continuation)

surrounding communities.

- To improve life in local neighborhoods, Children's has targeted support

towards community based organizations that do not focus specifically on

health, but rather on the vibrancy of the community. Contributions to

groups such as the Fenway Community Development Corporation and Sociedad

Latina are as important as partnerships with community health centers.

For more information, visit

<http://www.childrenshospital.org/about-us/community-mission>.

Part III, Line 2:

Bad debt expense reflects patient charges that have been deemed

uncollectible, converted to cost based on the ratio of patient care cost

to charges from Worksheet 2.

Part III, Line 3:

There is not any amount of bad debt reflected as charity care, because it

can't be quantified accurately at this time. However, some bad debts

would be charity care.

Part III, Line 4:

Children's Medical Center and Subsidiaries' Audited Financial Statements

contain the following bad debt footnote:

"The provision for uncollectible accounts is based upon management's

assessment of expected net collections considering economic conditions,

historical experience, trends in health care coverage, and other

collection indicators. Accounts receivable are reduced by an allowance for

**Part VI** Supplemental Information (Continuation)

uncollectible accounts. Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the Medical Center follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the Medical Center. Accounts receivable are written off after collection efforts have been followed in accordance with the Medical Center's policies."

Part III, Line 8:

Medicare allowable costs are obtained directly from the Medicare Cost Report and are determined in accordance with Medicare principles of reimbursement.

Part III, Line 9b:

Children's makes reasonable and diligent efforts to collect each patient's insurance and other information and to verify coverage for health care services. Children's applies collection actions to all patients in the same manner, irrespective of their insurance status. Children's does not (and does not permit its agents to) engage in collection action of any kind, including billing, with respect to patients/guarantors that are exempt from collection action under Children's Credit and Collection Policy and under Massachusetts regulations governing the Health Safety Net program. All patients/guarantors who are not exempt from collection

**Part VI** Supplemental Information (Continuation)

action are advised in all billing-related communications of the availability of free care and financial assistance, including assistance in applying for public programs and the availability of charity care. Children's does not (and does not permit its agents to) engage in legal action against patients/guarantors, including liens, wage garnishments, or lawsuits, or report patients/guarantors to credit bureaus or credit agencies without specific, case-by-case authorization by Children's Board of Trustees. No legal action occurred during the year. Children's Credit and Collection Policy is filed with the Massachusetts Division of Health Care Finance and Policy. That policy and related policies are also available to patients upon request and on the Hospital's website.

## Part VI, Line 2:

Boston Children's assesses the community needs on an ongoing basis through continuous dialogue with the community, participation on committees, working groups, and task forces, as well as input from Community Advisory Board and partners.

For more information, visit

[www.childrenshospital.org/about-us/community-mission/community-needs-asses](http://www.childrenshospital.org/about-us/community-mission/community-needs-asses)

## Part VI, Line 3:

Children's provides patients with information about financial assistance programs that are available through the Commonwealth of Massachusetts or through the hospital's own financial assistance program.

For those patients that request financial assistance, Children's assists patients by screening them for eligibility in an available public program.

**Part VI** Supplemental Information (Continuation)

and assisting them in applying for the program. All patients/guarantors who are not exempt from collection action are advised in all billing-related communications of the availability of free care and financial assistance, including assistance in applying for public programs and the availability of charity care. The screening and application process for a financial assistance programs is done through either the Virtual Gateway (which is an internet portal designed by the Massachusetts Executive Office of Health and Human Services to provide an online application for the programs offered by the state) or through a standard paper application. All Virtual Gateway and paper applications are reviewed and processed by the Massachusetts Office of Medicaid. Hospitals have no role in the determination of program eligibility made by the state, but at the patient's request may take a direct role in appealing or seeking information related to the coverage decisions.

## Part VI, Line 4:

Boston Children's conducted a community health needs assessment to ensure that it was addressing the most pressing health concerns across Boston and its four priority neighborhoods- Roxbury, Mission Hill, Fenway and Jamaica Plain.

## FINDINGS:

The residents of Boston Children's priority neighborhoods are ethnically and linguistically diverse, with wide variations in socioeconomic levels. Minority and low-income residents are disproportionately affected by the social and economic context in which they live.

Demographic Characteristics: Residents and stakeholders commented on the

**Part VI** Supplemental Information (Continuation)

variety of cultures represented in the communities served by Boston

Children's. Quantitative data illustrate that racial and ethnic diversity

varies across Boston Children's priority neighborhoods and citywide.

While the majority of residents in Roxbury/Mission Hill self-identify as

Black (60.9%), Fenway and Jamaica Plain have a larger proportion of White

residents (70.2% and 62.0%, respectively) compared to the city (53.9%).

Poverty, Income, and Employment: Economic data demonstrate that among the

priority neighborhoods, a greater proportion of families in

Roxbury/Mission Hill (31.0%) were living in poverty compared to families

citywide (16.0%). Additionally, nearly half of female headed households

with children under five years of age in Boston were living in poverty

(46.7%).

Education: Quantitative data show that educational attainment across the

priority neighborhoods ranges from 71.0% of Fenway residents with a

bachelor's degree or higher to 25.0% of Roxbury/Mission Hill adults.

Additionally, Black and Hispanic students graduate at lower rates than

their White and Asian counterparts.

Housing: Housing concerns disproportionately affect renters, who

represent the majority in Boston; 42.4% of renters in Boston contribute

35% or more of their income to housing costs.

Neighborhood Crime and Perceptions of Safety: Quantitative data validate

residents' concerns; between January and June 2013, Boston Children's

priority neighborhoods collectively accounted for approximately 40% of the

total crimes reported citywide during this time period, the majority of

which were classified as larceny or attempted larceny. Furthermore, over

half of all homicides occurred in Roxbury/Mission Hill.

There are 4 hospitals and 7 community health centers serving our priority

**Part VI** Supplemental Information (Continuation)

neighborhoods.

There are 22 Census Tracts that fall under 2 different MUA/P areas that

are within the Boston Children's Hospital priority areas.

Massachusetts has a low rate of uninsured children.

0-5 years 1.1% uninsured - 35.9% on Medicaid

6-18 years 1.5% uninsured - 30.6% on Medicaid

19-25 yrs-7% uninsured - 18.9% on Medicaid

Part VI, Line 5:

As the only free-standing children's hospital in the state, Children's

treats 90% of the sickest kids in Massachusetts and offers a range of

services that are unavailable elsewhere in the region, including pediatric

transplants, critical care transport services, a level 1 Pediatric Trauma

Unit and a level 3 Neonatal Intensive Care Unit. Children's also qualifies

for DSH payments as the state's largest provider of pediatric care to

low-income families. Approximately 30% of its patients are covered by

Medicaid, including patients insured by out-of-state Medicaid programs.

In addition, Children's has an open medical staff model.

Children's is also a leader in education and training for healthcare

professionals. It sponsors 38 Accreditation Council for Graduate Medical

Education-accredited training programs, one American Dental Association

accredited training program and 15 non-accredited subspecialty fellowships

with 512 residents/clinical fellows enrolled in those programs. Children's

partners with 27 schools of nursing throughout Massachusetts and New

England to provide clinical experiences in pediatrics.

**Part VI** Supplemental Information (Continuation)

Children's offers a variety of continuing education courses designed for health care professionals in pediatric practice. The courses are accredited by the Office of Continuing Education at Harvard Medical School and each hour of instruction is approved for Category 1 credits towards the AMA Physician's Recognition Award. Topics include autism, eating disorders, sports injuries, endometriosis, substance abuse, concussions, strabismus, Type II Diabetes and vascular anomalies. Children's also offers half-day programs titled Pediatric Health Care Summits that are held at local hospitals, such as Beverly Hospital, Lawrence General and South Shore Hospital (Weymouth). Additionally, Children's partners with area community hospitals such as Good Samaritan Medical Center, Holy Family, Lawrence General, South Shore, St. Anne's and St. Joseph's to sponsor Community Hospital Pediatrics Grand Rounds with monthly lectures provided by faculty in medical and surgical sub-specialties.

Children's also operates "Career Opportunity Advancement Children's Hospital", a seven-week program for Boston youth to explore health care careers while having a safe and meaningful summer and the program "Student Career Opportunity Outreach Program", designed by Children's nurses to introduce young people to nursing career opportunities.

Children's is home to the world's largest and most active research enterprise at a pediatric center. Children's research mission encompasses basic research, clinical research, community service programs and the postdoctoral training of new scientists.

Children's has a twenty-four person voluntary Board of Trustees.

**Part VI** Supplemental Information (Continuation)

Twenty-one of the Board members are not direct employees of the hospital and all of them live in the hospital's service area. The Board oversees the hospital's endowment and follows a 4.5% spending rule in keeping with the industry standard of the responsible management of assets. Reserves are invested back into patient care, teaching, research, patient safety and quality initiatives, equipment, facilities, community benefits and to subsidize vital services that run a deficit.

Part VI, Line 6:

Although Children's does not have true affiliates as defined by the IRS, it does have other affiliations.

As the largest pediatric referral center in the region, Children's maintains a variety of relationships with community hospitals and other smaller pediatric programs throughout New England. These relationships include seven community hospitals in eastern Massachusetts where Children's physicians have formal arrangements to provide on-site emergency medicine, inpatient, neonatal and/or outpatient pediatric specialty services. Children's also owns and operates five outpatient facilities in Waltham, Lexington, Peabody, North Dartmouth and Jamaica Plain that offer access to pediatric specialty care in a wide array of subspecialties. Children's provides assistance to other pediatric facilities (Nashro, RI, Dartmouth Hitchcock, NH, and Boston Medical Center) in the region through training, recruitment, consultations, on-site care and referrals for care that is not otherwise available.

In addition, the Pediatric Physicians' Organization at Children's brings together pediatricians, pediatric medical groups and pediatric specialists

**Part VI** Supplemental Information (Continuation)

at Children's.

Part VI, Line 7, List of States Receiving Community Benefit Report:

MA

