



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
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Alan H. Einhorn
Foley & Lardner LLP
111 Huntington Avenue
Boston, MA 02199

VIA electronic mail: aeinhorn@foley.com

RE: Notice of Transfer of Site Application
#23080221-TS

Dear Attorney Einhorn,

We are in receipt of the above-referenced Notice and its accompanying attachments, dated July 28, 2023, wherein The Orthopedics Surgical Center of the North Shore, LLC (The Center) provided notice to the Department of Public Health (the Department) in accordance with 105 CMR 100.745 for a proposed transfer of site of the ambulatory surgery center (ASC) from its current location at 1 Orthopedics Drive, Peabody, MA to 378 Commonwealth Avenue, Danvers, MA, as described below. The proposed transfer of site involves the relocation of 5 operating suites and 14 recovery bays from its current location in Peabody to the proposed location, approximately one mile away, in Danvers, MA.

Orthopedic Surgical Center of the North Shore, Inc. has complied with the requirements of Notice and has provided information sufficient to allow the Department to make a finding that the proposed transaction will neither result in a Substantial Capital Expenditure nor Substantial Change in Service, and thus will not first require a Notice of Determination of Need (DoN).

Reason for Request

1. Description

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

Gross Square Feet (GSF)

The proposed site, in a newly constructed facility in Danvers, is approximately the same size as its current site at 15,000 gross square feet (an increase of 33 gross square feet compared to its current location). The relocated Center will have the same number of operating suites and the same number of recovery bays as the existing Center, and will continue to provide the same ambulatory surgery services with no expansion of service lines or overnight stay capabilities.

2. Demographics and Primary Service Area (PSA)

The Applicant provided detailed patient demographic and insurance information for the Center's patients over a 12-month period (January to December 2022). The Center served 3,986 unique patients during the 12-month period.

Age: Patients between the ages of 18-64 comprise 61.8% of the population served, followed by the 65+ cohort at 36.6%. Patients younger than 17 account for the remainder of the population.

Race: The majority of patients identify as White, followed by those who identify as "Other Race".

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

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

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

3. Patient Access

Because the proposed site is approximately one mile from the existing site, the Applicant does not anticipate any impact on the Patient Panel's ability to access to the Center's services. In addition, the Applicant states the Center will remain a member of the Beth Israel Lahey Health system.

4. Impact on Health Care Spending

The Applicant states that the proposed relocation of the Center is not expected to have any impact on price of the Center's services or total medical expenditures. Apart from rental fees, the Applicant anticipates that it will incur expenditures associated with relocation of certain Center property and equipment to the new site.

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

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

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

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

5. Sufficient Interest in the Proposed Site

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

Findings:

The Department finds that The Orthopedic Surgical Center of the North Shore, Inc. has provided the Department with the information required in 105 CMR 100.745(D). Based upon review of the Notice and supporting materials, the Department finds that this transaction does not require a DoN either as a Substantial Capital Expenditure or Substantial Change in Service, pursuant to 105 CMR 100.730.

Emily Dally



Acting Commissioner

Massachusetts Department of Public Health