



Massachusetts Department of Public Health

Determination of Need

Application Form

Version: 11-8-17

| | | | |
|-------------------|---|-------------------|---------------------|
| Application Type: | Transfer of Ownership | Application Date: | 12/17/2020 11:31 am |
| Applicant Name: | UMass Memorial Health Care, Inc. | | |
| Mailing Address: | One Biotech Park, 365 Plantation Street | | |
| City: | Worcester | State: | Massachusetts |
| | | Zip Code: | 01605 |
| Contact Person: | Kathleen G. Healy | Title: | Legal Counsel |
| Mailing Address: | One Federal Street, 20th Floor | | |
| City: | Boston | State: | Massachusetts |
| | | Zip Code: | 02110 |
| Phone: | 2072534710 | Ext: | |
| E-mail: | khealy@verrill-law.com | | |

Facility Information

List each facility affected and or included in Proposed Project

| | | | |
|---|------------------------------------|--------------------------------------|---------------|
| 1 Facility Name: | Harrington Memorial Hospital, Inc. | | |
| Facility Address: | 100 South Street | | |
| City: | Southbridge | State: | Massachusetts |
| | | Zip Code: | 01550 |
| Facility type: | Hospital | CMS Number: | 220019 |
| Add additional Facility | | Delete this Facility | |

1. About the Applicant

| | |
|---|--|
| 1.1 Type of organization (of the Applicant): | nonprofit |
| 1.2 Applicant's Business Type: | <input checked="" type="radio"/> Corporation <input type="radio"/> Limited Partnership <input type="radio"/> Partnership <input type="radio"/> Trust <input type="radio"/> LLC <input type="radio"/> Other |
| 1.3 What is the acronym used by the Applicant's Organization? | UMMHC |
| 1.4 Is Applicant a registered provider organization as the term is used in the HPC/CHIA RPO program? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 1.5 Is Applicant or any affiliated entity an HPC-certified ACO? | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| 1.6 Is Applicant or any affiliate thereof subject to M.G.L. c. 6D, § 13 and 958 CMR 7.00 (filing of Notice of Material Change to the Health Policy Commission)? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 1.7 Does the Proposed Project also require the filing of a MCN with the HPC? | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| 1.7.a If Yes, has Material Change Notice been filed? | <input checked="" type="radio"/> Yes <input type="radio"/> No |

1.7.b If yes, provide the date of filing.

12/08/2020

1.8 Has the Applicant or any subsidiary thereof been notified pursuant to M.G.L. c. 12C, § 16 that it is exceeding the health care cost growth benchmark established under M.G.L. c. 6D, § 9 and is thus, pursuant to M.G.L. c. 6D, §10 required to file a performance improvement plan with CHIA?

☐ Yes ☒ No

1.9 Complete the Affiliated Parties Form

2. Project Description

2.1 Provide a brief description of the scope of the project.

The Applicant, UMass Memorial Health Care, Inc. ("UMMHC"), is a Massachusetts nonprofit corporation that owns and operates an integrated health care system comprised of a network of hospitals, including one academic teaching hospital and two community hospitals, as well as other health care providers that serve the residents of Central Massachusetts. UMMHC is the sole corporate member of UMass Memorial Community Hospitals, Inc. ("UMMCH") and certain other affiliates.

Harrington HealthCare System, Inc. ("HHCS") is a Massachusetts nonprofit corporation that owns and operates an integrated health system comprised of the following three affiliates: (1) Harrington Memorial Hospital, Inc. ("HMH"), which operates an acute care community hospital with two campuses located in Southbridge and Webster, Massachusetts; (2) Harrington Physician Services, Inc. ("HPS"), which operates a primary care and multi-specialty community medical practice that has offices in South Worcester County and includes the primary service area of the towns of Southbridge, Sturbridge, Charlton, Dudley, Wales, Webster, Holland, and Fiskdale, Massachusetts; and (3) Harrington Healthcare Provider Organization Inc. ("HHPO"), a managed care contracting organization.

On September 30, 2020, HHCS and UMMHC entered into an Affiliation Agreement, pursuant to which UMMCH will become the sole corporate member of HHCS. HHCS and UMMHC believe that the proposed corporate affiliation (the "Project"), which builds on the long-standing relationship between the parties, will allow the parties to further their common nonprofit missions of promoting the health of the communities they serve, and will enhance HHM's ability to maintain its status as a high quality, financially secure community hospital, which will allow it to continue to meet and better respond to the health care needs of patients and the communities in its service area.

The Project will also permit HHCS to have greater access to capital for service, equipment and physical plant improvements that will result in better access to community-based high quality care for patients in the Harrington service area. For example, the Project will enable HHCS to obtain more advanced health information technology that will enhance and expand the use of health data for accountable care and other value-based and population health managed care contracts and allow HHCS to better manage patient care by improving the quality of care while lowering the cost of care for the residents of the Harrington service area.

In addition, HHCS and UMMHC believe the Project will strengthen HHCS' ability to recruit physicians and other licensed professionals to the Harrington service area, which will enhance access to primary and specialty care and support the existence of high quality and cost-effective care in the Harrington service area, an area with limited public transportation. The Project will also allow UMMHC to expand its physician and community hospital network to ensure that patients continue to have access to high quality, cost-effective health care services in the most appropriate clinical setting. UMass Memorial Medical Center regularly operates at capacity and often has no room for additional patients, so it is a key priority of UMMHC to keep hospital-based care local for patients who can be served by a community hospital. UMMHC's strategy is to support clinical care in its community hospitals in order to keep care accessible and affordable. The greater alignment with HHCS is intended to allow patients in the Harrington service area to remain in that service area. Although HHM currently relies on UMMHC for specialists, the Project will further align specialist coverage between the two systems. Without this specialist support, HHM would be hard-pressed to keep coverage. Increased specialist coverage by UMMHC to the HHCS service area will expand access in South Worcester County, allow HHM and HPS to provide high quality care, and is designed to avoid the outmigration of patients to more expensive tertiary level care.

Importantly, the Project advances UMMHC's strategic priority of health equity and fully integrates HHCS into UMMHC's health equity work. The Project includes community investment funding for social determinants of health in the HHCS service area including housing, food insecurity, behavioral health and opioid addiction and transportation, all which have been identified by the HHCS Community Health Needs Assessment. The Project also identifies specific goals for increasing local hiring and inclusive, local and sustainable purchasing. The Project specifically targets resources towards needs identified in the HHCS Community Health Needs Assessment and other identified local health disparities.

HHCS currently provides significant behavioral health services in its service area, including an inpatient psychiatric unit at the HHM Southbridge campus, an Addiction Immediate Care program, and an inpatient co-occurring diagnosis unit at the HHM Webster campus, which was partially funded by HPC through a CHART Investment Program Grant. The Project expressly allows HHCS to continue to

provide and further develop these services.

Finally, the Project will allow HHCS to remain financially viable. Any degradation in HHCS's revenues, which will be certain to occur without the Project, would make it difficult for HHCS to maintain the necessary level of hospital and other medical services in its community, which is geographically isolated and has a high proportion of minority, low income residents who are insured through government programs. The Project will allow HHCS, as an affiliate of UMMHC, to improve access to high quality care in the Harrington service area with no expected material impact on rates of payment. While HMMH has some services that do not operate at a loss, HHCS experiences annual financial losses overall. As with the remaining independent community health systems/hospitals in Massachusetts, HHCS' future long-term viability as a stand-alone community hospital is threatened. The Project will strengthen HHCS' financial viability through financial support, operational efficiencies, and greater clinical alignment.

In sum, the Project will add measurable public health value for the patient panels served by both UMMHC and HHCS and will permit HHCS to continue to provide high quality, low cost health care to the residents of South Worcester County.

2.2 and 2.3 Complete the Change in Service Form

3. Delegated Review

3.1 Do you assert that this Application is eligible for Delegated Review? ☐ Yes ☒ No

4. Conservation Project

4.1 Are you submitting this Application as a Conservation Project? ☐ Yes ☒ No

5. DoN-Required Services and DoN-Required Equipment

5.1 Is this an application filed pursuant to 105 CMR 100.725: DoN-Required Equipment and DoN-Required Service? ☐ Yes ☒ No

6. Transfer of Ownership

6.1 Is this an application filed pursuant to 105 CMR 100.735? ☒ Yes ☐ No

6.2 If Yes, Is Applicant's Proposed Project subject to 958 CMR 7.00 (Notices of Material Changes and Cost and Market Impact Reviews)? ☒ Yes ☐ No

6.3 Does the Proposed Project constitute the transfer of the Health Care Facility's license in its entirety to a single transferee? ☐ Yes ☒ No

6.4 Which of the following most closely characterizes the Proposed Project;

- ☐ A transfer of a majority interest in the ownership of a Hospital or Clinic;
- ☐ A transfer of a majority of any class of the stock of a privately-held for-profit corporation;
- ☐ A transfer of a majority of the partnership interest of a partnership;
- ☐ A change of the trustee or a majority of trustees of a partnership;
- ☐ Changes in the corporate membership and/or trustees of a non-profit corporation constituting a shift in control of the Hospital or Clinic;
- ☐ Foreclosure proceedings have been instituted by a mortgagee in possession of a Hospital or Clinic;
- ☒ A change in the ownership interest or structure of a Hospital or Clinic, or of the Hospital or Clinic's organization or parent organization(s), such that the change results in a shift in control of the operation of the Hospital or Clinic.

6.5 Explain why you believe this most closely characterizes the Proposed Project.

The Applicant, UMMHC, is the sole corporate member of UMass Memorial Community Hospitals, Inc. (UMMCH). The Proposed Project is a Transfer of Ownership which will result in UMMCH becoming the sole corporate member of Harrington HealthCare System, Inc. (HHCS). HHCS is the sole corporate member of Harrington Memorial Hospital, Inc. At the conclusion of the Proposed Project, HHCS will still be the sole corporate member of HMMH and HMMH will still be the entity that holds the hospital license. Therefore, the Proposed Project constitutes a change in a Hospital's parent organization, such that the change results in a shift in control of the operation of the Hospital.

6.6 In context of responding to each of the Required Factors 1, 3, and 4, consider how the proposed transaction will affect the manner in which Applicant serves its existing Patient Panel in the context of value (that is cost and quality), and describe the impact to the Patient Panel in the context of Access, Value (price, cost, outcomes), and Health Disparities.

The responses provided below consider how the proposed transaction will affect the existing Patient Panel.

6.7 See section on Transfer of Ownership in the Application Instructions

7. Ambulatory Surgery

7.1 Is this an application filed pursuant to 105 CMR 100.740(A) for Ambulatory Surgery? ☐ Yes ☒ No

8. Transfer of Site

8.1 Is this an application filed pursuant to 105 CMR 100.745? ☐ Yes ☒ No

9. Research Exemption

9.1 Is this an application for a Research Exemption? ☐ Yes ☒ No

10. Amendment

10.1 Is this an application for a Amendment? ☐ Yes ☒ No

11. Emergency Application

11.1 Is this an application filed pursuant to 105 CMR 100.740(B)? ☐ Yes ☒ No

12. Total Value and Filing Fee

Enter all currency in numbers only. No dollar signs or commas. Grayed fields will auto calculate depending upon answers above.

Your project application is for: Transfer of Ownership

| | |
|---|------------------|
| 12.1 Total Value of this project: | \$143,325,965.00 |
| 12.2 Total CHI commitment expressed in dollars: (calculated) | \$0.00 |
| 12.3 Transfer of ownership Filing Fee: (calculated) | \$286,651.93 |
| 12.4 Maximum Incremental Operating Expense resulting from the Proposed Project: | \$0.00 |
| 12.5 Total proposed Construction costs, specifically related to the Proposed Project, If any, which will be contracted out to local or minority, women, or veteran-owned businesses expressed in estimated total dollars. | \$0.00 |

13. Factors

Required Information and supporting documentation consistent with 105 CMR 100.210

Some Factors will not appear depending upon the type of license you are applying for.

Text fields will expand to fit your response.

Factor 1: Applicant Patient Panel Need, Public Health Values and Operational Objectives

F1.a.i Patient Panel:

Describe your existing Patient Panel, including incidence or prevalence of disease or behavioral risk factors, acuity mix, noted health disparities, geographic breakdown expressed in zip codes or other appropriate measure, demographics including age, gender and sexual identity, race, ethnicity, socioeconomic status and other priority populations relevant to the Applicant's existing patient panel and payer mix.

Please see attached Narrative and Exhibit F1-1.

F1.a.ii Need by Patient Panel:

Provide supporting data to demonstrate the need for the Proposed Project. Such data should demonstrate the disease burden, behavioral risk factors, acuity mix, health disparities, or other objective Patient Panel measures as noted in your response to Question F1.a.i that demonstrates the need that the Proposed Project is attempting to address. If an inequity or disparity is not identified as relating to the Proposed Project, provide information justifying the need. In your description of Need, consider the principles underlying Public Health Value (see instructions) and ensure that Need is addressed in that context as well.

Please see attached Narrative.

F1.a.iii Competition:

Provide evidence that the Proposed Project will compete on the basis of price, total medical expenses, provider costs, and other recognized measures of health care spending. When responding to this question, please consider Factor 4, Financial Feasibility and Reasonableness of Costs.

Please see attached Narrative.

F1.b.i Public Health Value /Evidence-Based:

Provide information on the evidence-base for the Proposed Project. That is, how does the Proposed Project address the Need that Applicant has identified.

Please see attached Narrative.

F1.b.ii Public Health Value /Outcome-Oriented:

Describe the impact of the Proposed Project and how the Applicant will assess such impact. Provide projections demonstrating how the Proposed Project will improve health outcomes, quality of life, or health equity. Only measures that can be tracked and reported over time should be utilized.

Please see attached Narrative.

F1.b.iii Public Health Value /Health Equity-Focused:

For Proposed Projects addressing health inequities identified within the Applicant's description of the Proposed Project's need-base, please justify how the Proposed Project will reduce the health inequity, including the operational components (e.g. culturally competent staffing). For Proposed Projects not specifically addressing a health disparity or inequity, please provide information about specific actions the Applicant is and will take to ensure equal access to the health benefits created by the Proposed Project and how these actions will promote health equity.

Please see attached Narrative.

F1.b.iv Provide additional information to demonstrate that the Proposed Project will result in improved health outcomes and quality of life of the Applicant's existing Patient Panel, while providing reasonable assurances of health equity.

Please see attached Narrative.

F1.c Provide evidence that the Proposed Project will operate efficiently and effectively by furthering and improving continuity and coordination of care for the Applicant's Patient Panel, including, how the Proposed Project will create or ensure appropriate linkages to patients' primary care services.

Please see attached Narrative.

F1.d Provide evidence of consultation, both prior to and after the Filing Date, with all Government Agencies with relevant licensure, certification, or other regulatory oversight of the Applicant or the Proposed Project.

The Applicant consulted with a wide range of individuals at various regulatory agencies about the Proposed Project. Although not exhaustive, the following individuals were consulted regarding the Proposed Project:

Department of Public Health: Lara Szent-Gyorgyi, Director, Determination of Need Program; Rebecca Rodman, Senior Deputy General Counsel; Lynn Conover, Determination of Need Analyst; Sherman Lohnes, Director, Division of Health Care Facility Licensure and Certification; Walter Mackie, Licensure Unit Coordinator; Stephanie Carlson, Licensure Unit Coordinator; and Monica Bharel, M.D., Commissioner

Attorney General's Office: William Matlack, Chief, Antitrust Division; Michael MacKenzie, Deputy Division Chief, Antitrust Division; Courtney Aladro, Chief, Public Charities Division

MassHealth: Steven Sauter, Director, Acute Hospital Program, Office of Providers and Plans, Executive Office of Health and Human Services; Daniel Tsai, Assistant Secretary for MassHealth, Office of Medicaid, Department of Health and Human Services

Health Policy Commission: Lois Johnson, General Counsel; Katherine Scarborough Mills, Senior Director, Market Oversight and Transparency; Megan Wulff, Director, Market Oversight and Monitoring; and David Seltz, Executive Director

Please see Exhibit 2.

F1.e.i Process for Determining Need/Evidence of Community Engagement: For assistance in responding to this portion of the Application, Applicant is encouraged to review *Community Engagement Standards for Community Health Planning Guideline*. With respect to the existing Patient Panel, please describe the process through which Applicant determined the need for the Proposed Project.

Please see attached Narrative.

F1.e.ii Please provide evidence of sound Community Engagement and consultation throughout the development of the Proposed Project. A successful Applicant will, at a minimum, describe the process whereby the "Public Health Value" of the Proposed Project was considered, and will describe the Community Engagement process as it occurred and is occurring currently in, at least, the following contexts: Identification of Patient Panel Need; Design/selection of DoN Project in response to "Patient Panel" need; and Linking the Proposed Project to "Public Health Value".

Please see attached Narrative and Exhibit 1.

Factor 3: Compliance

Applicant certifies, by virtue of submitting this Application that it is in compliance and good standing with federal, state, and local laws and regulations, including, but not limited to M.G.L. c. 30, §§ 61 through 62H and the applicable regulations thereunder, and in compliance with all previously issued notices of Determination of Need and the terms and conditions attached therein .

F3.a Please list all previously issued Notices of Determination of Need

| Add/Del Rows | Project Number | Date Approved | Type of Notification | Facility Name |
|---|----------------|---------------|--|--|
| <input type="checkbox"/> <input type="checkbox"/> | 2-3X01 | 08/16/2012 | Transfer of Site/Change in Designated Location | UMass Memorial Medical Center Cancer Center at Marlborough Hospital |
| <input type="checkbox"/> <input type="checkbox"/> | 1-3C40 | 08/14/2014 | Transfer of Ownership | Wing Memorial Hospital |
| <input type="checkbox"/> <input type="checkbox"/> | 2-4952 | 08/12/2015 | Ambulatory Surgery | Healthcare Enterprises, LLC - The Surgery Center (Shrewsbury) |
| <input type="checkbox"/> <input type="checkbox"/> | 1-3C59 | 02/08/2017 | Hospital/Clinic Substantial Change in Service | HealthAlliance-Clinton Hospital Emergency Department (Leominster Campus) |
| <input type="checkbox"/> <input type="checkbox"/> | 2-3C60 | 06/22/2017 | Hospital/Clinic Substantial Change in Service | UMass Memorial Medical Center (University Campus) |
| <input type="checkbox"/> <input type="checkbox"/> | 2-3C06 | 02/06/2012 | Transfer of Site/Change in Designated Location | UMass Memorial Medical Center (26 Queen Street Campus) |

Factor 4: Financial Feasibility and Reasonableness of Expenditures and Costs

Applicant has provided (as an attachment) a certification, by an independent certified public accountant (CPA) as to the availability of sufficient funds for capital and ongoing operating costs necessary to support the Proposed Project without negative impacts or consequences to the Applicant's existing Patient Panel.

F4.a.i **Capital Costs Chart:**

For each Functional Area document the square footage and costs for New Construction and/or Renovations.

[illegible]

F4.a.ii For each Category of Expenditure document New Construction and/or Renovation Costs.

| | Category of Expenditure | New Construction | Renovation | Total (calculated) |
|---|---|------------------|------------|-----------------------|
| | Land Costs | | | |
| | Land Acquisition Cost | | | |
| | Site Survey and Soil Investigation | | | |
| | Other Non-Depreciable Land Development | | | |
| | Total Land Costs | | | |
| | Construction Contract (including bonding cost) | | | |
| | Depreciable Land Development Cost | | | |
| | Building Acquisition Cost | | | |
| | Construction Contract (including bonding cost) | | | |
| | Fixed Equipment Not in Contract | | | |
| | Architectural Cost (Including fee, Printing, supervision etc.) and Engineering Cost | | | |
| | Pre-filing Planning and Development Costs | | | |
| | Post-filing Planning and Development Costs | | | |
| Add/Del Rows | Other (specify) | | | |
| <input type="button" value="+"/> <input type="button" value="-"/> | | | | |
| | Net Interest Expensed During Construction | | | |
| | Major Movable Equipment | | | |
| | Total Construction Costs | | | |
| | Financing Costs: | | | |
| | Cost of Securing Financing (legal, administrative, feasibility studies, mortgage insurance, printing, etc | | | |
| | Bond Discount | | | |
| Add/Del Rows | Other (specify) | | | |
| <input type="button" value="+"/> <input type="button" value="-"/> | | | | |
| | Total Financing Costs | | | |
| | Estimated Total Capital Expenditure | | | |

Documentation Check List

The Check List below will assist you in keeping track of additional documentation needed for your application. Once you have completed this Application Form the additional documents needed for your application will be on this list. E-mail the documents as an attachment to: DPH.DON@state.ma.us

- ☒ Copy of Notice of Intent
- ☒ Affidavit of Truthfulness Form
- ☒ Scanned copy of Application Fee Check
- ☒ Affiliated Parties Table Question 1.9
- ☒ Change in Service Tables Questions 2.2 and 2.3
- ☒ Certification from an independent Certified Public Accountant
- ☒ Notification of Material Change
- ☒ Articles of Organization / Trust Agreement

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: 12/17/2020 11:31 am

E-mail submission to
Determination of Need

Application Number:

Use this number on all communications regarding this application.

☐ Community Engagement-Self Assessment form