

**Task Force on the Discontinuation of Essential Health Services: Discussion Document**

**ADDENDUM A: Full Hospital Closures**

The following summary provides all recent examples of hospital closures in the Commonwealth within the last ten years. The three most recent full hospital closures in Massachusetts, Hubbard Regional Hospital, North Adams Regional Hospital, and Radius Specialty Hospital, were all precipitated by financial distress, and all occurred under the current laws and regulations applicable to hospital closures.

***Hubbard Regional Hospital***

Hubbard Regional Hospital (Hubbard) closed its doors on May 3, 2009. Hubbard, an acute care community hospital located in Webster, MA was licensed for 22 beds, of which 16 were medical/surgical beds and six (6) were intensive care unit or “ICU” beds. DPH received notification of Hubbard’s intent to close on April 6, 2009, 30 days before the proposed closure date (*Note: 90-day notice by licensee is required by law*). Despite this short timetable, there was sufficient notice to immediately schedule and hold a public hearing prior to the closure date, and ultimately, the Commissioner of Public Health waived the 90-day notice requirement under 105 CMR 130.122(C).

The reason for this closure was multifactorial:

- According to several media accounts, including the Boston Business Journal and the Webster Times,<sup>12</sup> as well as the Hospital’s own closure notification letter received on April 6, 2009, Hubbard had experienced financial distress for some time, including an FY2008 operating loss of approximately \$1.8M. These recurring losses contributed to the Hospital’s severe financial distress and placed “substantial doubt about [Hubbard’s] ability to continue.” According to The Webster Times and representatives from Hubbard, this financial distress was exacerbated by inadequate insurance reimbursements to the Hospital. Requests for state funding were included in both the FY2006 and FY2007 General Appropriations Acts (GAA), further evidence of the level of financial hardship experienced by the Hospital (see Senate Journals from 05/23/2005 and 05/24/2006, GAA for FY2006).
- The Boston Business Journal reported that the departure of several physicians drastically reduced hospital admissions.
- After several efforts to improve the financial status of the hospital, the board, as noted in the closure notification letter submitted to the Department, opted to close the full hospital in order to avoid impending bankruptcy.
- In conjunction with its decision to close, Hubbard entered into a management agreement with Harrington Memorial Hospital (Harrington), located in Southbridge, MA, 12 miles from Hubbard. This agreement, as discussed in the closure notification letter submitted to the Department and as reported by the Webster Times,<sup>3</sup> included the preservation of some services on the Hubbard campus following closure, including a satellite emergency facility providing 24-hour emergency care. Additionally, prior to completion of the management agreement, Harrington secured higher reimbursement rates from one of the primary insurers carried by patients of Hubbard.<sup>4</sup>

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<sup>1</sup> <http://www.southbridgeeveningnews.com/pdf/WEB.2009.04.10.pdf>

<sup>2</sup> <http://www.bizjournals.com/boston/stories/2009/05/04/daily34.html>

<sup>3</sup> <http://www.southbridgeeveningnews.com/pdf/WEB.2009.04.10.pdf>

<sup>4</sup> <http://www.southbridgeeveningnews.com/pdf/WEB.2009.04.10.pdf>

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Application of State Determination Process: The essential service process achieved its primary objective, which was to allow for stakeholder feedback, provide some opportunity for state analysis of the closure, and ensure needed and appropriate monitoring of the submitted closure plan. However, Hubbard Hospital's notification to the state did not meet state law or the Hospital's own responsibilities under licensure, frustrating employees, unions, community stakeholders and elected officials. Finally, the process did not support needed time, data, and/or cross-agency discussions to allow for a more in-depth analysis of causes, community needs, closure impacts, etc, that might have allowed for more effective state intervention.

### *North Adams Regional Hospital*

North Adams Regional Hospital (NARH), an acute care community hospital located in northwestern Massachusetts (North Adams, MA), closed on March 28, 2014. NARH was licensed for 109 beds, but had significantly reduced its beds in service prior to closure. NARH notified the Department of its intent to close on March 25, 2014, three days before it shut its doors. In this case, a public hearing could not be held due to the limited notice provided to the Department.

As with the previous example, closure of NARH was multifactorial:

- NARH had experienced an extended period of financial difficulty prior to its full closure in 2014. While a September 2014 Stroudwater "Healthcare Market Assessment" for North Adams did not address reasons for closure, it did indicate that inpatient market share consistently declined from 2008 through 2012.<sup>5</sup>
- NARH had filed for Chapter 11 bankruptcy to reorganize its debts in 2011, from which it had emerged in 2012.<sup>6</sup>
- According to statements made by hospital officials as reported in the Berkshire Eagle on March 28, 2014,<sup>7</sup> and in an open letter from the Board to the Community,<sup>8</sup> the Hospital stated there was insufficient reimbursement, paired with significant workforce commitments, rendering the Hospital incapable of paying its creditors.
- The Massachusetts Nurses Association (MNA) released a report indicating that unwise investments in long-term care facilities significantly contributed to the Hospital's financial distress.<sup>9</sup>
- NARH applied to increase its reimbursement rates by becoming certified as a Critical Access Hospital (CAH), but was denied by the Centers for Medicare and Medicaid Services (CMS) in 2011 as the hospital was less than 35 miles away from the nearest hospital, a CMS requirement for designation (*Note:* Berkshire Medical Center is 25 miles away and Southwestern Vermont Medical Center is 18 miles away).
- After the closure of NARH, after a period when no services were provided on the NARH campus, Berkshire Medical Center purchased the facility, opening a satellite emergency facility on site to provide 24-hour emergency room care and outpatient imaging.
- Berkshire Medical Center is currently working to provide additional services on the campus (*Note:* Berkshire opened outpatient endoscopy on November 3, 2014).

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<sup>5</sup> <http://www.mass.gov/eohhs/docs/dph/northern-berkshire-county-assessment.pdf>. The Berkshire Eagle posted a financial summary of the hospital from 1999 through 2012. [http://www.berkshireeagle.com/ci\\_25420000/](http://www.berkshireeagle.com/ci_25420000/)

A complete listing of news articles on the closure is also available on the "Berkshire Eagle" website.

[http://www.berkshireeagle.com/news/ci\\_25425441/narh-complete-coverage-north-adams-regional-hospital-closing](http://www.berkshireeagle.com/news/ci_25425441/narh-complete-coverage-north-adams-regional-hospital-closing)

<sup>6</sup> <http://cases.gcginc.com/NBHealth/>

<sup>7</sup> [http://www.berkshireeagle.com/ci\\_25435020](http://www.berkshireeagle.com/ci_25435020)

<sup>8</sup> [http://www.berkshireeagle.com/news/ci\\_25441585/northern-berkshire-healthcare-trustees-open-letter-community](http://www.berkshireeagle.com/news/ci_25441585/northern-berkshire-healthcare-trustees-open-letter-community)

<sup>9</sup> <http://www.massnurses.org/news-and-events/p/openItem/8902>

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Subsequently, the Department of Public Health (DPH) State Office of Rural Health in partnership with the Massachusetts Hospital Association commissioned an independent report which supported the need for local access to a 24-hour emergency room, outpatient services, and a strong primary care component.<sup>10</sup>

Application of State Determination Process: NARH's notification to the state did not meet state law or the Hospital's own responsibilities under licensure. Due to this timing, the state was largely unable to intervene in an effective way prior to closure. The process did not support needed time, data, and/or cross-agency discussions to allow for a more in-depth analysis of causes, community needs, anticipated closure impacts, among other needs, prior to the Hospital's closure. However, the ensuing Stroudwater Report captured much of this data and analysis, underscoring the value of, and need for, determinations to be considered with the context and framing of a community health needs assessment and/or state health plan. This independent report confirmed and supported many of the service line decisions that have been made or are being explored, namely continuation of an emergency room and emphasis on primary care needs.

### *Radius Specialty Hospital*

Radius Specialty Hospital (Radius), a non-acute specialty care hospital located in Boston, MA, with a satellite in Quincy, MA, closed October 6, 2014. Radius was licensed for chronic and rehabilitation services with 169 beds at its Boston location. Additionally, Radius was licensed for 38 beds at its Quincy campus, which was located within Quincy Medical Center, an acute-care hospital. Radius was certified by CMS as a long term care hospital, or "LTCH". Radius notified the Department of its pending closure on September 17, 2014, with an anticipated closure by October 13, 2014. Closure of the Radius facilities was not subject to the full essential services process because they do not provide an essential health service under MGL or corresponding CMR. Instead, Radius was directed to develop a closure plan for review by the Department.

Radius indicated to the Department through discussions with the Department that its closure was due to a sharp decline in admissions to its Quincy campus following a change in referral patterns. The effects of this change in referrals were also discussed by counsel for Radius in the Boston Globe.<sup>11</sup>

At time of closing, no alternative services were planned for the Boston hospital site. However, skilled nursing facility capacity exists as a more cost-effective alternative<sup>12</sup> both locally and statewide. The Quincy site was leased from Quincy Medical Center and was returned to the control of that hospital.

Application of State Determination Process: While Radius was unable to provide DPH with the required notice pursuant to state statute and licensure regulations, DPH understands that Radius did in fact notify the state almost immediately following these referring organizations' own notification to Radius and the related, rapid decline of Radius' financial condition. Based on both state and local nursing home capacity, as well CMS' recommendations to reduce costs through redirecting care to nursing home-level care, the closure of Radius, from a health care reform and cost perspective, may have been warranted. However, questions still remain regarding the appropriateness of the timing provided to Radius by the referring organizations, the impacts to Radius' workforce, and the consequences for Quincy Medical Center. As the health system moves towards directing care to lower cost, often lower acuity community settings, the Radius closure underscores the question of how the state can play an

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<sup>10</sup> <http://www.mass.gov/eohhs/docs/dph/northern-berkshire-county-assessment.pdf>

<sup>11</sup> <http://www.bostonglobe.com/business/2014/09/23/radius-specialty-hospital-laying-off-workers/uS1Ah6JFv6pFuCcSOs4seP/story.html>

<sup>12</sup> <http://www.cms.gov/About-CMS/Legislative-Affairs/OfficeofLegislation/downloads/RTC-long-term-care-hospitals-final.pdf>

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appropriate role in ensuring the safe winding down of operations, particularly in regards to patient transfers and workforce transitions.

<b>Hospital name</b>	<b>Cited Cause(s) of Closure</b>	<b>Amount of Notice (90 Days Required)</b>	<b>Public Hearing?</b>	<b>Closure Plan Submitted and Approved?</b>	<b>Outcome</b>
<b>Hubbard Regional Hospital</b>	Financial distress. Departure of several physicians. Sharp decline in admissions. Board opted to close full hospital to avoid impending bankruptcy.	30 days	Yes	Yes	Preservation of some services, including 24HR ED, following agreement with nearby Harrington Memorial Hospital
<b>North Adams Regional Hospital</b>	Extended period of financial difficulty prior to full closure, including previous bankruptcy. NARH cited insufficient reimbursement and significant workforce commitments. MNA cited investments in LTC facilities.	3 days	No	No	Preservation of some services, including 24HR ED, following bankruptcy, closure, and subsequent purchase of property by nearby Berkshire Medical Center.
<b>Radius Specialty Hospital</b>	Financial distress following a change in referral patterns.	26 days	No	Yes	As lower cost service alternatives were available elsewhere in the community, there was no public health need to preserve beds.

***Hospital Closures: Observations (For Discussion):***

- Despite a statutory and regulatory requirement to provide 90 days’ notice, no hospital proposing a full closure has provided the full 90-day notice in the last decade.
- The lack of adequate notice prevents the state from performing a thorough analysis of community health needs prior to the closure. In the case of North Adams, a thorough health assessment was performed after the hospital had closed and a smaller facility re-opened.

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- In some cases, DPH could do little beyond requiring a closure plan and carefully monitoring post-closure impacts.
- In some cases, due to the lack of adequate notice, the public was unable to attend a hearing or testify.
- In two cases, a hospital closed and a smaller facility re-opened at the same location.

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**ADDENDUM B: Partial Hospital Closures**

A complete or substantial discontinuation of an essential service within a hospital also triggers the essential services review process. In 2013, the Department conducted seven hearings in response to notifications regarding the discontinuance of all, or a substantial part of, an essential service, in addition to receiving several exploratory calls from hospitals inquiring about the discontinuation process. No notifications regarding the closure of an individual service has been received in CY 2014 by DPH as of November 1, 2014.

Of the seven hearings conducted in 2013, two culminated in the complete discontinuation of the service; two resulted in complete discontinuation of the service with the implementation of mitigation action(s) by the hospital; one resulted in a change of location of the service beyond the 5 mile exemption radius; one notification was withdrawn after the hearing was conducted; and the service discontinuations at NARH were followed by bankruptcy and a complete closure of the hospital. Public participation in these various hearings varied considerably, with several devoid of public participation, while others elicited significant testimony and stakeholder input.

***Morton Hospital Pediatric Service and Brigham and Women's Faulkner Hospital Inpatient Substance Abuse (Discontinued Service with Mitigation)***

The Department was notified of these two separate proposed discontinuations with both hospitals meeting the full 90-day legal notification requirement. Morton Hospital notified DPH on March 20, 2013 with a proposed discontinuation date of June 18, 2013; while Brigham and Women's Faulkner Hospital notified DPH on January 17, 2013 with a proposed discontinuation date of April 17, 2013. In both cases, following notification, public hearings were scheduled. Morton Hospital indicated that the closure of its pediatric service was due to declining census, a common theme heard nationally across other pediatric services<sup>13</sup>, resulting in a loss of experienced pediatric nurses. Brigham and Women's Faulkner Hospital indicated that it believed its substance abuse patients would be better served in a medical/surgical unit rather than within a separate substance abuse unit. Both of these hearings resulted in significant public participation in opposition to these proposed service discontinuations, ranging from former and current patients, the behavioral health community, elected officials, and community stakeholders.

Due to public opposition to the Morton closing, the Hospital proposed the development of four observation beds for pediatric patients presenting to its emergency department who did not require an acute hospital admission, but would benefit from extended monitoring. Following a consensus proposal emanating from the City of Boston and concerned stakeholders, Brigham and Women's Faulkner Hospital agreed that nine beds in one of its medical/surgical units would be dedicated to the treatment of substance abuse patients with ongoing monitoring by the Department.

Application of State Determination Process: While not required under DPH's regulations, it should be noted that in both cases, the hospitals did not notify local elected officials and community leadership prior to submission of proposals to DPH. Additionally, submissions of proposals followed media stories regarding the anticipated closures. However, following the formal submission, both hospitals fully cooperated and complied with the essential services process. At this time, DPH had not begun work on its behavioral health state health plan. As a

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<sup>13</sup> <http://news.vanderbilt.edu/2014/11/pneumonia-vaccine-reducing-pediatric-admissions%E2%80%88report/>

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result, DPH was unable to definitively point to community-specific shortages beyond demonstrating impact on total statewide bed count, general market assumptions, and clear individual examples. Ultimately, public pressure applied through the hearing process, rather than any formal authority granted to the Department, allowed the state to negotiate a more appropriate reduction of services in both cases.

### ***New England Sinai (Tufts Campus) and Quincy Medical Center Partial Hospitalization Program (Discontinued Service)***

The Department was appropriately notified of both of these proposed discontinuations and subsequently scheduled closure hearings.

New England Sinai notified DPH September 23, 2013 of its intention to close beds with a proposed closure date of December 23, 2013. The closure of its beds at Tufts was purportedly triggered by changes to federal reimbursement rules capping the percentage of patients that could be admitted to a chronic care hospital located at an acute hospital.

During the same period, Quincy Medical Center notified DPH on September 13, 2013 of its intention to close its partial hospitalization program with a proposed closure date of December 15, 2013. DPH understood that Quincy Medical Center's closure of its partial hospitalization program was triggered by a declining census. There was no public input at either hearing, and the closures proceeded without the need for the Hospital to plan to ensure access.

Application of State Determination Process: The process was followed with no notable stakeholder concern or feedback. While there remains continued limitations of health needs data, this closure was closely monitored and completed without incident.

### ***McLean Hospital Satellite in Brockton (Change of Location)***

The Department was appropriately notified on September 20, 2013 that due to growing space requirements of the Veterans Administration's Brockton facility, McLean would have to relocate its Brockton satellite to Middleboro, MA. Because these inpatient psychiatric beds were moving out of the 5 mile radius exemption zone, a public hearing was scheduled and subsequently held. There was no public input at the hearing, and the change in location proceeded without the need for the hospital to plan to ensure access.

Application of State Determination Process: The process was followed, with no notable stakeholder concern or feedback. While there remains a continued limitation of health needs data, specifically for that local community, the location change was monitored and completed without incident.

### ***Cambridge Health Alliance (Withdrawal)***

The Department was appropriately notified on April 3, 2013 by Cambridge Health Alliance (CHA) of a planned change in its inpatient psychiatric services for children and adolescents. Under the CHA plan, two separate units – or a total of 27 beds – would be replaced by a single 16-bed unit for children ages 8 to 18.

The Department considered this change a substantial reduction impacting critical behavioral health statewide bed capacity, and subsequently scheduled a hearing. During the hearing process, the Department received a significant volume of testimony objecting to the reduction of this service. Following substantial opposition from families of patients, behavioral health advocates, and community leaders, including a number of legislators, CHA withdrew its plan to alter and reduce this service capacity.

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Application of State Determination Process: The Hospital did not notify local elected officials and community leadership prior to submission of proposals to DPH. Additionally, submission of this proposal followed media stories regarding the anticipated closure. However, following the formal submission, the hospital was fully cooperated and complied with the essential services process. Ultimately, public pressure applied through the hearing process, rather than any formal authority granted to the Department, stopped the continuation of this proposed service reduction.

<b>Hospital Name</b>	<b>Service Closed</b>	<b>Cited Cause(s) for Closure</b>	<b>Amount of Notice (90 Days Required)</b>	<b>Public Hearing?</b>	<b>Closure Plan Submitted and Approved?</b>	<b>Outcome</b>
<b>Morton Hospital</b>	Pediatric	Fewer patients, resulting in loss of experienced pediatric nurses.	90 Days	Yes	Yes	Morton opened 4 pediatric beds for certain patients presenting at the ED.
<b>Brigham and Women's Faulkner Hospital</b>	Inpatient Substance Abuse	Preferred to serve these patients in a medical/surgical unit.	90 Days	Yes	Yes	Faulkner dedicated 9 medical/surgical beds to substance abuse.
<b>New England Sinai</b>	Closure of its Tufts Campus	Changes to federal reimbursement rules, capping the percentage of patients that could be admitted.	90 Days	Yes	No	No public input received at hearing. Closures proceeded without a requirement for a closure plan.
<b>Quincy Medical Center</b>	Partial Hospitalization Program	Fewer patients.	90 Days	Yes	No	No public input received at hearing. Closures proceeded without a requirement for a closure plan.
<b>McLean Hospital</b>	Brockton Satellite Facility	Required relocation due to expansion of the VA Brockton Facility.	90 Days	Yes	No	No public input received at hearing. Closures proceeded without a requirement for a closure plan.

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<b>Cambridge Health Alliance</b>	Inpatient Psychiatric Services	Proposed a reduction in beds	90 Days	Yes	No	Following public comment, CHA withdrew the notice.
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*Service Discontinuations: Observations (For Discussion):*

- For discontinuation of services (not full hospital closures) hospitals have complied with the state’s 90-day notice requirements.
- Public pressure – applied at public hearings and through the media – changed how the service discontinuations were applied.
- While DPH has since conducted a statewide behavioral health needs assessment, DPH may be well-served to proactively fill additional and ongoing data needs to be better prepared the next time a facility proposes discontinuation of those services.

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