



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
Determination of Need Program
250 Washington Street, Boston, MA 02108-4619

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August 21, 2017

Jennifer Gallop, Esq.
Krokidas and Bluestein, LLP
600 Atlantic Avenue
Boston, MA 02210

RE: Berkshire Health Systems, Inc. – Notice of Transfer of Site/Change in Designated Location.
Application BHS-17072110-TS

Dear Ms. Gallop:

We are in receipt of the above-referenced Notice and its accompanying letter, dated July 21, 2017, in which the Applicant, Berkshire Health Systems, Inc. (BHS) provides written notice to the Department in accordance with 105 CMR 100.745 (the Regulation) of a proposed change in designated location of Berkshire Medical Center's (BMC) existing endoscopy rooms as well as related changes in designated location of ambulatory surgery room capacity all in support of a consolidated five room dedicated endoscopy suite (the Endo Suite) on the BMC main campus.

BHS 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 or Substantial Change in Service, and thus will not first require a Notice of Determination of Need (DoN).

Description of Proposed Change in Location:

BMC performs endoscopies in three dedicated rooms that are part of the eight room Crane Center for Ambulatory Surgery located on the BMC main campus in Pittsfield, at 24 Park Street, Pittsfield MA 01201. As described below, there are currently long waiting lists for procedures which this proposal is designed to ameliorate by moving existing ambulatory capacity under a single roof. Under the proposal, BMC will cease doing any outpatient endoscopies at the Crane Center. BMC will, instead, perform all outpatient endoscopies in the Endo Suite on the main campus in Pittsfield. BHS proposes to change the designated location of capacity of two outpatient operating rooms (ORs) from BMC's North Adams satellite campus located at 71 Hospital Avenue, North Adams MA 01247 to the Endo Suite in Pittsfield. BHS further proposes to change the designated location of the two outpatient ORs at Berkshire

Endoscopy Center (BEC), located at 53 Eagle Street, in Pittsfield. The BEC will close down, and all procedures currently done at the BEC will be conducted at the Endo Suite.

Finally, BMC currently maintains a smaller OR (the Minor Room) in its inpatient OR suite on the hospital campus where overflow outpatient endoscopy procedures are currently performed. BMC intends to relocate all the outpatient endoscopy work to the Endo Suite, leaving the Minor room intact for existing cardiology procedures and inpatient endoscopies only.

With these moves, the pre-existing endoscopy capacity from three locations will be consolidated to the Endo Suite, a single location on BMC's main campus. The Endo Suite renovations will require approximately \$1.69 million in capital expenditures, well under the capital expenditure that would otherwise trigger the requirement for a DoN, and will be limited to outpatient endoscopy.

Ambulatory Capacity – Current and Planned

	Main Building	Crane Center	North Adams	BEC	Endo Suite	Total ambulatory ORs
Current	1 (Minor Room)	8 ambulatory ORs	4 ambulatory ORs	2 ambulatory ORs	0	15
Post-approval	0 No ambulatory use	8 ambulatory ORs	2 ambulatory ORs	0	5 ambulatory ORs	15

Background, Reason for Request and Other Required Elements of Notice:

Since 2010, BMC has provided ambulatory endoscopy services in three out of the eight ambulatory surgery rooms located at the Crane Center. Due to capacity constraints, BMC has also performed outpatient endoscopies in the Minor Room. Since 2014, BMC also has offered ambulatory surgery and endoscopy services at the North Adams satellite¹. However, BHS states that BMC has been unable to obtain sufficient physician coverage to fully use the North Adams surgical suite for endoscopy and as a result, since the 2014 opening of the North Adams satellite facility, two of the operating rooms have not been used and as a result, a significant number of North Adams patients need to come to BMC for endoscopy procedures.

BEC was established in 2002 as a physician practice and operated by two BMC staff physicians. Prior to opening BEC, these physicians performed all of their procedures at BMC and after opening BEC, they continued to use the BMC (Crane Center) for all endoscopy procedures for their MassHealth patients. The BEC partnership has ended and both physicians intend to transfer all procedures, together with the physicians' existing MassHealth procedure caseload, back to the BMC.

Separately, BHS states that patient volumes have been increasing annually at both BMC's Crane Center and the North Adams satellite as a result of several factors including: a general increase in the number of individuals seeking treatment due to economic/insurance changes; the aging population; and BMC's 2016

¹ DPH approved four ambulatory surgery operating rooms and two endoscopy rooms at this location without the need for a DoN as they were viewed as an urgent replacement of existing community capacity from the former North Adams.

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participation in a nationwide effort to increase the number of colorectal screenings². BMC asserts that it is experiencing significant challenges for scheduling endoscopies at its main and North Adams campuses and that it is currently unable to accommodate the additional BEC endoscopy patients in light of BMC's existing four month backlog³. BMC asserts that without increased endoscopy space at the BMC location where the majority of its endoscopy physicians are available, the existing waiting time will increase further.

Because the present and proposed locations are currently part of the BHS Primary Service Area (PSA), the existing and proposed patient populations are identical, and there is no change in demographic served. BHS asserts that the operation of the Endo Suite is intended to reduce health care system costs overall by increasing the number of screenings that are done and earlier diagnosis of patients, and by realizing the efficiencies of the consolidated setting. The construction involves modifications and facility upgrades to an existing licensed area of approximately 13,000 square feet. The estimated capital expenditure of approximately \$1.69 million is well below the hospital DoN threshold.

Findings:

The Department finds that BHS has provided the Department with the information required in 105 CMR 100.745(D) including: the rationale for the transfer; description of the current and proposed Sites and patients served; the potential impact upon price, total medical expenditure, provider costs, and other recognized measures of health care spending; an attestation of anticipated expenditures to be incurred as a result of the proposed transfer of Site; and an affidavit of truthfulness. 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 and BMC may move forward with the proposed changes in designated location.

Sincerely,

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Nora J. Mann, Esq.
Director, Determination of Need Program

CC: R. Rodman
S. Lohnes
D. Gent

² BHS states that it has set a goal to increase the number of eligible individuals screened from the current regional low of 55% to nationwide goal of 80%, and has put in place a 2017 community benefit program for this purpose.

³ Applicant states that even with the Endo Suite, BMC will be able to reduce wait time but that the wait for an endoscopy will still be approximately two months.