Amended Staff Report to the Public Health Council For a Determination of Need[1]

Applicant Name:	Baystate Health, Inc
Applicant Address:	759 Chestnut St, Springfield, MA 01199
Filing Date:	June 5, 2026
Type of DoN Application:	Transfer of Ownership
Total Value:	$292,708,000.00
Project Number:	BH-25061310-TO
Ten Taxpayer Groups (TTG):	None
Community Health Initiative (CHI):	Exempt from Factor 6
Staff Recommendation:	Approval With Conditions
Public Health Council:	September 9, 2026

Project Summary and Regulatory Review

Baystate Health, Inc., with a principal place of business at 759 Chestnut Street, Springfield, Massachusetts 01199, seeks a Determination of Need from the Massachusetts Department of Public Health for the Transfer of Ownership of The Mercy Hospital, Inc. d/b/a Mercy Medical Center, located at 271 Carew Street, Springfield, Massachusetts 01104. Through the transaction, Baystate Health, Inc. would become the sole corporate member of The Mercy Hospital, Inc. and Mercy Medical Center would become a community hospital member of Baystate Health.

This Determination of Need (DoN) Application falls within the definition of Transfer of Ownership, which is reviewed under the DoN regulation 105 CMR 100.000. The Department must determine that need exists for a Proposed Project, on the basis of material in the record, where the Applicant makes a clear and convincing demonstration that the Proposed Project meets each DoN Factor set forth within 105 CMR 100.210. A DoN Application for a Transfer of Ownership is subject to factors 1, 2, 3, and 4 of the DoN regulation. This staff report addresses each of the required four factors set forth in the regulation.

[1] On 8/4/26, the original staff report for project BH-25061310-TO posted to the DoN website. This document, dated 8/7/26, reflects the following changes:

- P25. Under *Other Conditions, 1. Factor 1b – Public Health Value:*, previous text read: "The Holder will maintain all essential services operating on the date of DoN Approval at MMC for a minimum of 5 years post DoN approval."
- P25. Under *Other Conditions, 2. Factor 1b – Public Health Value:*, sentence now reads, "Following a notice of anticipated reduction of any **essential** service at MMC…"

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Applicant Background and Application Overview

Baystate Health, Inc.
Baystate Health, Inc ("Applicant" or "BH") is a not-for-profit, integrated healthcare system serving over 800,000 people throughout Western Massachusetts. Baystate Health includes Baystate Medical Center, an academic medical center; three community hospitals – Baystate Noble Hospital, Baystate Franklin Medical Center, and Baystate Wing Hospital; and a network of medical practices. It also includes Baycare Health Partners (Clinically Integrated Network); Pioneer Valley Accountable Care, LLC (Medicare Accountable Care Organization) and Baystate Health Care Alliance (BeHealthy Medicaid Accountable Care Organization); Health New England, Inc. (a health plan); Baystate Radiology and Imaging LLC (multiple locations); Franklin MRI, LLC (Greenfield & Palmer); Baystate MRI and Imaging Center, LLC (Springfield); and Pioneer Valley Life Sciences Institute (Springfield). Baystate Health is also a partial owner of an ambulatory surgery center (Baystate Orthopedic Surgery Center, Springfield) and an inpatient psychiatric hospital (Valley Springs Behavioral Health Hospital, Holyoke).

The Mercy Hospital, Inc., d/b/a Mercy Medical Center
The Mercy Hospital, Inc, d/b/a Mercy Medical Center ("the Hospital" or "MMC") is owned by Trinity Health of New England Corporation, Inc., which is part of Trinity Health Corporation based in Livonia, Michigan. In addition to MMC, Trinity's New England portfolio includes three Connecticut hospitals: Saint Francis Hospital (Hartford, Connecticut); Johnson Memorial Hospital (Stafford Springs, Connecticut); and Saint Mary's Hospital (Waterbury, Connecticut). MMC includes several subsidiaries, including System Coordinated Services, Inc. d/b/a Life Laboratories; MMC Health Care Accountable Care Organization, LLC; Pioneer Valley Cardiology Associates, Inc.; MMC Inpatient Medical Associates, Inc.; MMC Specialist Physicians, Inc.; Mercy Medical Group, Inc.; Riverbend Medical Group, Inc.; and Brightside, Inc.[2] Its joint ventures include a 50 percent ownership in both Greater Springfield MRI Limited Partnership and Western Massachusetts PET/CT Imaging Center, Inc.

MMC is a high-public payer community hospital in Springfield, located just one mile from Baystate Medical Center. MMC is licensed for 251 inpatient beds, including 156 medical/surgical beds, 16 intensive and coronary care unit beds, 16 maternity beds, three pediatric beds, and 60 rehabilitation beds. However, due to financial difficulties and low patient volume, MMC is not fully staffing its medical/surgical and rehabilitation beds, has suspended its maternity services, and has closed the following outpatient services: Allergy & Immunology, Behavioral Health, Dermatology, Breast Feeding Medicine, Genetic Counseling, Rheumatology, and Physiatry. MMC also operates a 24/7 emergency department (ED) with over 45,000 visits annually. Its satellite locations include Outpatient Rehabilitation at Mercy Wellness Center (East Longmeadow, Massachusetts), Mercy Outpatient Cardiology (Springfield, Massachusetts), Mercy Medical Rehabilitation Center (Chicopee, Massachusetts), Mercy Medical Center Mandel Multiple Sclerosis Center (Springfield, Massachusetts), and Mercy Rehabilitation Outpatient Services (Springfield, Massachusetts), all of which are included in the Proposed Project.

[2] Brightside, Inc. is not included in the Proposed Transfer.

Proposed Project

Baystate Health, Inc. seeks the Transfer of Ownership of The Mercy Hospital, Inc., d/b/a Mercy Medical Center, located at 271 Carew Street, Springfield, Massachusetts (MA) 01104. Through the transaction, Baystate Health, Inc. would become the sole corporate member of The Mercy Hospital, Inc. and Mercy Medical Center would become a community hospital member of Baystate Health. Over the past decade, MMC has faced significant and ongoing financial challenges that have threatened its long-term viability despite substantial efforts to improve its financial position, described in more detail in Factor 1a. The Proposed Project provides the opportunity to expand a regional delivery system, in particular through leveraging the proximity of Baystate Medical Center to MMC, to improve access to care and quality for the greater Springfield community.

Factor 1

In this section, we assess whether the Applicant has sufficiently addressed Patient Panel need, public health value, competitiveness and cost containment, and community engagement for this Proposed Project.

Patient Panel[3]

Table 1 below shows the Patient Panel for both BH and MMC from Fiscal Years (FY)2023 to FY2026[4]. Both BH and MMC saw an approximately 3 percent increase in unique patients from FY2023-FY2025. The Applicant notes that the dip in MMC's unique patients in FY2024 is attributed to a change in data collection methods. The Applicant explained that in November 2024, MMC transitioned electronic medical records (EMRs) which resulted in every medical record number changing mid-year, making the calculation of the true number of unique patients challenging.

Table 1: Overview of Unique Patients at Baystate Health and Mercy Medical Center

Patient Type	**FY2023**	**FY2024**	**FY2025**	**FY2026** **Through March 31, 2026**
Baystate Health Patients	340,223	345,225	350,217	231,873
Mercy Medical Center Patients	74,476	71,047	76,852	52,402

Table 2 compares the demographic characteristics of the BH and MMC Patient Panels. Staff notes the following observations:

[3] As defined in 105 CMR 100.100, Patient Panel is the total of the individual patients regardless of payer, including those patients seen within an emergency department(s) if applicable, seen over the course of the most recent complete 36-month period by the Applicant or Holder.

[4] Fiscal year 2026 data through 3/31/2026. BH fiscal year is October 1-September 30. MMC fiscal year is July 1-June 30.

- **Age:** The largest age groups served at both BH and MMC are the 18-44 and 50-64 populations, with these combined categories accounting for roughly 50 percent of their Patient Panels.
- **Race and Ethnicity:** Both BH and MMC serve a majority White population, which generally aligns with the census data for Hampden County[a]. MMC's Patient Panel includes a greater percentage of Black patients compared to the BH network (12 percent at MMC compared to 7 percent served by BH). Approximately 20 percent of BH's Patient Panel identified as Hispanic, while MMC did not collect ethnicity data in a comparable manner (though Staff notes that 16 percent of the Patient Panel identified as a racial or ethnic category not separately listed in the table.) Once approved, MMC's data collection systems would begin the process of aligning with BH's procedures on ethnicity data collection.
- **Patient Origin:** There is significant geographic overlap between the Patient Panels of MMC and BH, with most patients from both systems residing in Springfield.
- **Payer Mix:** BH and MMC have high public payer utilization, with over 70 percent of all patients insured by a public payer.

Table 2a: Demographics of BH and MMC Patient Panels, FY2025

Unique Patients	BH	MMC
Total Unique Patients	350,217	76,852

Table 2b: Demographics of BH and MMC Patient Panels: Gender, FY2025

Gender	BH	MMC
Male	42%	40%
Female[5]	58%	60%
Total	**100%**	**100%**

Table 2c: Demographics of BH and MMC Patient Panels: Age, FY2025

Age	BH	MMC
0 to 17	17%	5%
18 to 44	27%	25%
45 to 49	6%	8%
50 to 64	21%	27%
65 to 75	17%	20%
76+	12%	15%
Total	**100.0%**	**100%**

Table 2d: Demographics of BH and MMC Patient Panels: Race/ Ethnicity, FY2025

[5] Includes Other/Unknown.

Race/ Ethnicity	BH	MMC
American Indian or Alaska Native	0%	0%
Asian	1%	1%
Black or African American	7%	12%
Hispanic	20%	Not Collected
Native Hawaiian or Other Pacific Islander	0%	0%
Other	0%	16%
Refuse to Answer	0%	8%
Unknown	4%	8%
White	67%	55%
Total	**100.0%**	**100%**

Table 2e: Demographics of BH and MMC Patient Panels: Patient Origin, FY2025

Patient Origin	BH	MMC
Springfield	22%	43%
Chicopee	6%	11%
West Springfield	4%	6%
Westfield	7%	4%
Agawam	2%	4%
Ludlow	4%	4%
Holyoke	3%	3%
East Longmeadow	2%	3%
Longmeadow	2%	2%
Other Origins	45%	21%
Total	**100%**	**100%**

Table 2f: Demographics of BH and MMC Patient Panels: Payer Mix, FY2025

Payer Mix	BH	MMC
MassHealth	7%	10%
Managed Medicaid	15%	20%
Managed Medicare	20%	23%
Medicare FFS	29%	19%
Commercial	23%	25%
All Other	6%	3%
Total	**100%**	**100%**

Factor 1: a) Patient Panel Need

In this section, the Applicant must sufficiently demonstrate Patient Panel need for the Proposed Project.

Patient Panel Need

The Applicant attributes the Patient Panel need to three factors:

1) Financial Position of MMC; and
2) Maintaining a Community Resource and Access to Services; and
3) Improving Utilization of MMC Services

1) Financial Position of MMC

The Applicant reports that MMC has experienced significant and continued annual operating losses in recent years. The losses occurred despite many operational and strategic efforts to reduce expenses, increase revenue, and improve MMC's overall financial performance which included:

- *Investments in technology:* MMC implemented a new electronic medical record platform, Epic, in November 2024 intended to create a modern infrastructure capable of supporting growth, improving quality and patient experience, enhancing operational performance, and strengthening MMC's long-term financial sustainability. In addition, MMC invested in the acquisition and deployment of advanced surgical technologies, including the da Vinci Xi robotic surgical platform, as well as other clinical equipment intended to support surgical, diagnostic, and specialty service capabilities. These technologies were intended to expand access to advanced surgical procedures and specialty care services through technologies, and increase patient volumes and market competitiveness by offering advanced clinical capabilities that would otherwise require patients to seek care elsewhere.
- *Multiple labor reductions resulting in service suspension or closure:* As previously mentioned, MMC stopped fully staffing its medical/surgical and rehabilitation beds, suspended its maternity services, and closed the following outpatient services: Allergy & Immunology, Behavioral Health, Dermatology, Breast Feeding Medicine, Genetic Counseling, Rheumatology, and Physiatry.
- *Improving efficiency and utilization:* This included efforts to reduce inpatient length of stay through multidisciplinary care management; initiatives focused on emergency department throughput, inpatient bed utilization; reducing the number of patients leaving the emergency department without being seen through improved triage processes; implementing productivity and labor management initiatives to better align staffing levels with patient demand and clinical activity; improving physician practice operations through scheduling optimization; efforts to improve documentation, coding accuracy, denials management, and reimbursement; and using performance dashboards and operational metrics to monitor key indicators such as throughput, capacity utilization, emergency department performance, productivity, quality, and patient experience.
- *Either growing or reducing certain service lines*: MMC undertook a number of initiatives focused primarily on increasing procedural and specialty care volume. Examples of service lines targeted for growth included: Gastroenterology (GI), oncology, thoracic surgery and interventional pulmonology, orthopedic services, gynecologic-oncologic, and breast cancer care. In cost

reduction efforts, MMC suspended or closed the services previously noted. Staff requested historical data regarding patient utilization of the services prior to suspension and closure as well information on where patients transferred their care. The Applicant reported that this information was unavailable due to the change in Electronic Medical Record systems and the inability to access data from providers outside the Mercy provider network.

The Applicant asserts that despite these initiatives, MMC continues to operate at a significant loss. Maintaining services has occasionally required the use of temporary labor and recruitment has been a persistent challenge. MMC has relied on locum physicians to maintain the hospital's radiology, emergency and radiation oncology service lines and traveling nurses to staff the intensive care unit, medical/surgical beds, the maternity unit and the emergency department. Most recently, the emergency department required a multi-million-dollar investment to engage short-term and temporary physicians to provide ongoing coverage. However, not all of these efforts to maintain operation of all services have been successful. Due to service suspension and closures, patients are more frequently choosing Baystate Medical Center for their care, further reducing the utilization of services at MMC and straining its financial position. As a result, Baystate Medical Center is operating well above capacity with increasing wait times, as the next section describes in detail.

At the direction of the Executive Office of Health and Human Services (EOHHS), MMC hired an independent third party to complete a detailed financial and operational review in order to chart a path to financial stability. The Applicant states the review recommended numerous changes but ultimately concluded that even with suggested changes, "it will continue to be a challenge for MMC to break even in the out-years without continued support." As a result, the parent company began considering a potential sale of MMC to help secure stability of services in the region. The Proposed Project is expected to improve financial stability for MMC as BH determines how to effectively distribute services to reduce unnecessary duplication and achieve cost savings for the continued sustainability of MMC (as detailed in factors 1f and 2), which will allow continued access to care for its Patient Panel

2) Maintaining a Community Resource and Access to Services

The Applicant states that MMC has been a vital community resource for the Springfield area for over 150 years. Recently, MMC has seen low utilization, detailed in the capacity percentages in Table 3a. Delays and barriers to care are forcing patients to seek care elsewhere, relying heavily on Baystate Medical Center located within one mile from MMC, as evidenced in the high-capacity percentages in Table 3b.

Table 3a: Utilization at Mercy Medical Center

Mercy Medical Center Utilization Category	FY2023	FY2024	FY2025	FY2026[6]
Number of Licensed Medical Surgical Beds	156	156	156	156
Number of staffed beds	96	96	96	96

[6] Reflects FY2026 through March 31. MMC fiscal year is July 1-June 30.

Mercy Medical Center Utilization Category	FY2023	FY2024	FY2025	FY2026[6]
ED Boarding Times (monthly average of total boarding hours)	3,437	3,820	5,953[7]	3,044
Left Without Being Seen (LWBS) rate	7.70%	8.30%	9.90%	3.3%[8]
Capacity percentage	55%	49%	53%	56%

Table 3b: Utilization at Baystate Medical Center

Baystate Medical Center Utilization Category	FY2023	FY2024	FY2025	FY2026[9]
Number of Licensed Medical Surgical Beds	507	507	507	507
Number of staffed beds	528	528	528	528
ED Boarding Times (monthly average of total boarding hours)	51,919	36,777	34,556	15,646
Left Without Being Seen (LWBS) rate	10.80%	6.10%	6.30%	9.10%[10]
Capacity percentage	111%	112%	114%	116%

The Applicant states that MMC's lower utilization is a result of less available capacity because not all beds are staffed. The Applicant anticipates utilization at MMC will improve through more consistent staffing by BH and through the transfer of clinically appropriate patients from Baystate Medical Center's ED to MMC. The Applicant asserts that without the Proposed Project and in order to manage financial shortfalls, MMC will need to consider further service suspensions and closures as well as possibly a full hospital closure. The Applicant asserts that any additional suspensions and closures in services or full hospital closure would be detrimental to its Patient Panel as well as the greater Springfield community.

The Applicant states that in addition to being diverted to other service providers in the region, the MMC Patient Panel would face adverse effects from service suspensions and closures, including increased wait-times at other providers already operating at capacity. Such wait times may delay care and lead to potentially negative patient outcomes. . As the closest hospital, Baystate Medical Center will continue to be most acutely and immediately impacted. The Applicant states that Baystate Medical Center and the region's community hospitals do not have the capacity needed to absorb MMC's patients if more services or the entire hospital closes, as demonstrated in Table 4.

Table 4: Impact of MMC Closure on Regional Community Hospitals

[7] Due to MMC's electronic medical record transition in November 2024, certain ED data is unavailable. Consequently, monthly boarding averages for FY2025 only reflect data beginning in November 2024 and excludes four months, skewing average boarding time higher than other years.

[8] MMC began contracting with Vituity for emergency physician staffing in June 2025. The decreasing LWBS rate as MMC is attributed to changes in triaging procedures.

[9] Reflects FY2026 through March 31. Baystate Medical Center fiscal year is October 1-September 30.

[10] BH states that the recent uptick in LWBS rate is likely a combination of factors that include: Partial Year data for this statistic may be skewing the results, particularly given that the timeframe covered (October-March) is a peak time for illness and ED visits; and staffing the ED department continues to be an area of focus for improving throughput.

Hospital	Distance from MMC	Average Monthly ED Visits (FY24)	Average Length of Stay (ALOS)	Per cent increase absorbing MMC Volume
MMC	NA	3,173	6.19	NA
Baystate Medical Center	1.5 miles	7,216	6.65	43.97%
Holyoke Medical Center	7.7 miles	2,864	4.61	110.79%
Baystate Noble Hospital	14.3 miles	2,190	5.1	144.89%

The Applicant states that Baystate Medical Center's existing high utilization rates will make it difficult to care for additional patients who historically received care at MMC. Additionally, the Applicant asserts that further reductions in services at MMC will continue to strain Baystate Medical Center's ability to care for patients requiring tertiary care as they are already operating at over 100 percent capacity. The Proposed Project will allow MMC to continue to operate as an important community hospital resource, maintaining access to care in the most appropriate setting and keeping care local.

3) Improving Utilization of MMC Services

The Applicant anticipates that the Proposed Project will improve coordinated care in the region. The Applicant plans to improve the efficiency of care delivery by increasing staffing levels at MMC, which will lead to improved capacity, and more consistent care provided at MMC. Specifically, the Applicant anticipates leveraging the physical proximity between MMC and Baystate Medical Center to support acuity-based, clinically appropriate utilization of services, as well as adequate staffing at both locations. The two facilities have examples of past and current collaborations that can serve as a foundation for working together more closely in the future. For example, Baystate Medical Center regularly works with MMC to transfer patients who require a higher level of care than MMC offers. Since MMC suspended its maternity services, the two hospitals have collaborated to ensure that Baystate Medical Center has access to medical files to assist with continuity of care for patients who have transitioned. Some of Baystate Medical Center's physicians have provided emergency department coverage at MMC, furthering strengthening the collaborative working relationship.

The Applicant asserts that it can create efficiencies by staffing appropriately at both MMC and Baystate Medical Center in a coordinated manner that will ensure the deployment of resources appropriately. The Applicant states that following the implementation of the Proposed Project, nearly all of MMC's physicians, advanced practice providers, and other staff will join BH. Additionally, providers will be

credentialed to staff both MMC and Baystate Medical Center, offsetting some of the current staffing concerns. The Applicant notes that it has existing, well-established recruitment initiatives to fill open positions across MMC that include employee referral programs, partnerships with nursing schools for career fairs and student recruitment, and a focus on training the talent acquisition staff to help recruit the right people for the positions. The Applicant also expressed its commitment to retaining current MMC staff by proactively meeting with MMC staff through online forums, staff townhall meetings, and frequently asked questions document to relay the desire to keep current MMC staff and assure them that they plan to honor contracts and maintain clinics post-merger.

The Applicant has a comprehensive plan for optimizing its workforce and reducing labor-related expenses associated with MMC's reliance on contract/ temporary labor, discussed in further detail in Factor 2. Through the Proposed Project, BH will extend these initiatives to improve workforce stability and decrease operating expenses through appropriate staffing levels to improve capacity at MMC. While the details of the operational efficiencies and cost savings won't be known until the merger occurs, BH anticipates there will likely be savings in consolidation of vendors and standardization of suppliers.

As noted earlier, MMC is only staffing 96 of its 156 licensed medical/surgical beds. Also, The Applicant states that only 14 of MMC's 60 licensed inpatient rehabilitation beds are staffed. As a result, patients requiring post-acute services cannot be discharged to inpatient rehabilitation in a timely manner. The Applicant anticipates that by increasing staffing at MMC, BH will be able to balance inpatient and rehabilitation utilization across MMC and Baystate Medical Center. Increasing staffing of MMC's medical/surgical and inpatient rehabilitation beds will provide a critical access point to post-acute care in order to alleviate inpatient medical/surgical capacity constraints that negatively impact hospital throughput. This will allow lower acuity inpatients to remain in the community hospital setting. By keeping appropriate acuity volume at MMC, the Applicant anticipates Baystate Medical Center's high occupancy rate will decrease, improving access to Baystate Medical Center for higher-acuity patients requiring tertiary care. Tables 5a and 5b provide details on the historical transfers from MMC to Baystate Medical Center by specialty and by acuity, demonstrating a significant volume of patients who would benefit from more balanced utilization across the hospitals.

Table 5a: Transfers from MMC to Baystate Medical Center By Specialty

Specialty Transfer	FY2023	FY2024	FY2025	FY2026 Through 3/31/2026
Cardiology+	146	130	112	52
Cardiology ICU	49	46	29	<11
Cardiology Intermediate	14	14	15	<11
General/Other	44	49	54	33
Trauma	101	84	65	22
Neurology	39	37	18	<11
Ortho	0	25	<11	<11

Specialty Transfer	FY2023	FY2024	FY2025	FY2026 Through 3/31/2026
OB	32	18	46	<11
Pediatrics	63	88	71	13
Total	**488**	**491**	**410**	**120**

Table 5b: Transfers from MMC to Baystate Medical Center by Acuity

Acuity	FY2023	FY2024	FY2025	FY2026 Through 3/31/2026
Unknown	175	197	155	45
Acute Care	206	202	174	41
Critical Care	70	67	51	19
Intermediate	37	25	30	15
Grand Total	**488**	**491**	**410**	**120**

The Applicant estimates that up to 1,825 patients annually can be shifted from Baystate Medical Center to MMC based on patient and clinical appropriateness. The Applicant asserts that upon approval of the Proposed Project, BH will implement processes to shift patients from Baystate Medical Center to MMC, where clinically appropriate. The Applicant intends to do this by working with patients at the Baystate Medical Center ED to choose the most appropriate location for their care and transfer patients upon their consent, a process that Baystate uses with other hospitals in the region. A patient may present to the Baystate Medical Center ED and require admission. If the patient's care team determines that a transfer is clinically appropriate or the patient requests a transfer, the patient's provider will discuss the option of a transfer to another hospital. If the patient agrees to a transfer, the ED physician includes which hospital the patient agrees to in the admit request order to prompt the Transfer Center to coordinate the transfer. The two hospitals then work together to effectuate the transfer. Patients may choose to be transferred for a number of reasons including earlier bed availability at the receiving hospital rather than boarding in the ED. The Applicant is projecting a conservative shift of five low-acuity patients daily from Baystate Medical Center to MMC. Appropriate patients will have an estimated average length of stay of 1.6 days which will translate into an average daily census of eight patients (a decrease at Baystate Medical Center and an increase at MMC). The Applicant anticipates this shift will support Baystate Medical Center to utilize available beds for more acute and complex patients, while reducing ED boarding for all patients.

Analysis

The Proposed Project has the potential to restore the services and financial viability of MMC. The Proposed Project offers MMC and Baystate Medical Center an opportunity to work collaboratively to provide the appropriate acuity level of care, support MMC efficient patient access to specialty services, and improve medical staff coverage. The Applicant anticipates the Proposed Project will streamline care delivery by joining the wider BH network and provide MMC patients with wider range of options for provision of care. As a result, Staff finds that the Proposed Project meets the requirements of Factor 1a.

Factor 1: b) Public Health Value, Improved Health Outcomes and Quality of Life; Assurances of Health Equity

In this element of Factor 1, the Applicant must demonstrate the Proposed Project adds measurable public health value in terms of improved health outcomes and quality of life for the Applicant's existing Patient Panel, while providing reasonable assurances of health equity.

Public Health Value and Health Outcomes

The Applicant asserts that the Public Health Value of the Proposed Project is in the stabilization offered by MMC joining a health network, and improved access to services.

Stabilizing Effect of Health Networks

MMC is an Independent hospital[11] in Massachusetts, which has a number of challenges to their financial viability, as previously discussed in Factor 1a. Affiliation with a multi-hospital health system can help an independent hospital better withstand volatile economic conditions by providing operational alignments, greater access to capital, as well as enhanced financial, management, and administrative resources.[b] The Applicant states the Proposed Project will support increased financial stability for MMC and thereby sustainability of local healthcare services, helping to provide continued access for underserved communities.

The Health Policy Commission's 2016 report on Community Hospitals (the "Report") noted that "[t]he local nature of community hospital services is particularly important for patients for whom accessing care can be difficult." [c] Specifically, the Report noted that patients on Medicare, MassHealth, or other government programs are more likely to rely on locally based care.[d] A 2020 article by the Department of Health and Human Services[e] outlines the following key factors associated with "access" to care: coverage, services, and timeliness. The Proposed Project will allow MMC patients to have more integrated care and therefore better access to BH providers across the care continuum. The Proposed Project will also reduce existing delays in accessing emergency and inpatient care, and provide improved access to timely, locally based care.[f]

Improved Access to Services

The Applicant asserts that the Proposed Project will preserve MMC as a local hospital providing needed services[12] and improve access via coordinated care for its Patient Panel by integrating MMC with a regional multi-hospital health system. The Applicant anticipates becoming part of BH will allow MMC to access system-wide resources, and the Applicant points to research showing that affiliation with a multi-hospital health system can bring specialized outpatient services closer to populations that previously faced barriers to care[g], such as the barriers MMC

[11] Independent hospitals: those that do not share common ownership with another hospital in Massachusetts.

[12] MMC currently provides the following service lines: Bariatric and Weight Loss Services, Cancer Care, Diabetes, Diagnostic Imaging/Radiology, Emergency medicine, Gastroenterology, Inpatient Care, Laboratory Services, Multiple Sclerosis, Orthopedics, Primary Care, Radiation Oncology, Rehabilitation medicine, Surgical services

patients have faced in accessing the service lines that are currently suspended or closed. The Applicant states that proximity to outpatient services is not only likely to reduce the need for inpatient admissions, but may also minimize time and transportation costs resulting in considerable health benefits.[h] Additionally, the Applicant asserts that the improved local access that will result from balancing capacity across MMC and Baystate Medical Center increases the likelihood that patients will receive timely and appropriate care, while expanded appointment availability within multi-hospital systems further supports timely patient access to specialists.[i]

The Applicant states the Proposed Project also has the potential to improve access to specialty care for patients in historically underserved communities, including services not currently provided at MMC such as pediatric surgery, cardiac surgery, and interventional cardiology. These specialty services are currently available at Baystate Medical Center, and the Applicant anticipates that MMC patients will have easier access to these services once MMC is a member of Baystate Health, as patients will have improved access to referrals to Baystate specialists who provide these services.

The Applicant asserts that MMC's inclusion in the BH system will support Patient Panel access to the outpatient services that MMC closed as well as the full range of obstetrical services, including prenatal, intrapartum, and postpartum care, which was unstable prior to the service suspension at MMC in December 2025. The Applicant states that it has begun to engage in clinical service planning to review opportunities, resource efficiencies, and patient care outcomes for best clinical care. The Applicant states completion of these planning efforts is dependent on approval of the Proposed Project. Baystate's clinicians will engage in planning for specific clinical services lines and closed specialty services with Mercy clinicians post-transfer. BH states they intend to manage maternity services through Baystate Medical Center post-merger, as it has been doing since MMC discontinued the service. The Applicant states they will provide these services with their current contingent of licensed beds and do not intend to apply for any additional licensed beds.

The Applicant anticipates that MMC joining the BH system will provide the region with greater bed availability as MMC increases its staff and ability to serve more patients. The Applicant asserts that improving access will likely result in decreased emergency department wait times, faster turnaround and acceptance of transfers, and the addition of physicians and advanced practice providers to grow into the currently unused beds at MMC.

Analysis: Public Health Value, Health Outcomes, and Quality of Life

Staff finds that the Proposed Project preserves access to local community-based hospital services, strengthens care coordination, and improves long-term operational stability for a struggling independent hospital. Stabilizing MMC's operations will help to preserve local access to hospital and specialty services for a high-public payer patient population. As a condition of approval, the Applicant will report annually on the plan regarding currently closed clinical service lines, including maternity services. As a result, Staff finds that with the addition of the "Other Condition", the Applicant meets the requirements of the Public Health Value: Health Outcomes part of Factor 1b.

Health Equity and Social Determinants of Health (SDoH)

The Applicant reports that through the 2025 Community Health Needs Assessment (CHNA) and prior assessment cycles, BH identified significant disparities in the region related to maternal and infant health, mental health and substance use disorders, access to care for immigrants and refugees, the health and well-being of young children and families, and the needs of older adults. Health-related social needs, including food insecurity, housing instability, transportation barriers, and economic hardship, were identified as cross-cutting factors that affect all priority populations and contribute to inequitable health outcomes. The Applicant asserts that BH also identified disparities among specific patient populations, including individuals with sickle cell disease, opioid and substance use disorders, and patients experiencing severe maternal morbidity. Additional concerns include disparities in readmissions, behavioral health follow-up care, patient experience outcomes, and health-related social needs screening results.

The Applicant states to address identified disparities, BH established targeted goals across its network, including improving care for patients with sickle cell disease and opioid use disorder, reducing severe maternal morbidity, enhancing behavioral health follow-up, addressing readmission disparities, and reducing health-related social needs barriers. The Applicant states that these goals and initiatives are in the process of being implemented and will be evaluated as data becomes available. Beyond clinical care, the Applicant asserts BH advances health equity through its Community Benefits Program and Strategic Implementation Plans, which focus on strengthening regional food systems and improving maternal, infant, and early childhood health outcomes. Through community partnerships, grantmaking, and collaborative initiatives, BH continues to address the root causes of health inequities and improve the health and well-being of communities throughout western Massachusetts.

In addition to providing interpreter services as required by law and regulation, the Applicant highlighted several system wide efforts that BH has made toward addressing health equity and SDoH, noting that MMC would become a part of these practices and targeted goals upon completion of the Proposed Project.

> **Hiring Practices -** Baystate Health stated its commitment to providing equitable hiring, promotion, and retention practices that support opportunity and success for all employees. The Applicant states that in the last year, there was a 4.2 percent decrease in Underrepresented in Medicine (URiM) leaders, a 10.5 percent increase in URiM providers and a 0.9 percent decrease in URiM Direct Care Registered Nurses at Baystate Health.
>
> **Alliance for Digital Equity -** The Alliance for Digital Equity ("The Alliance") formed in response to an increased community need for access to digital connectivity as a social determinant of health and BH's Chief Information and Digital Officer provides the Alliance with dedicated leadership and guidance. In 2024, the Alliance began implementing systemwide and localized interventions around digital equity in all four counties of western Massachusetts. This regional collaboration focuses on connectivity, education, affordable internet, digital literacy and skills

training, and public internet space through modernization. The Alliance will foster the inclusion of MMC's community in the removal of barriers that prevent digital equity.

BeHealthy Accountable Care Organization (ACO) - The BeHealthy Partnership was formed as a collaboration between the Baystate Health Care Alliance and Health New England in 2017 to serve the area's MassHealth/Medicaid membership. As an Accountable Care Organization (ACO), the BeHealthy Partnership's goal is to be a health care partner with primary care providers (PCPs) and their care teams to help connect members with the health services and support at the right time and in the right place. In addition, the BeHealthy Partnership collects and uses data to ensure its programs are equitable. By continually analyzing the populations of each program to the general population of BeHealthy Partnership, BH can ensure it is serving its members equitably.

Hospital Quality and Equity Incentive Program - BH actively participates in the Massachusetts Health Quality and Equity Incentive program. The program includes improvement initiatives around data collection for race, ethnicity, language and disability status, sexual orientation and gender identity (RELD/SOGI) and health-related social needs (HRSN), interpreter services, and strategic planning around closing gaps in identified disparities. Its hospitals will continue to analyze their data and improve on metrics in order to deliver high quality care and identify and address health disparities. This initiative will also be key to assisting Baystate Health in better understanding what is needed for the provision of culturally congruent care for all, regardless of geography, age, or ability to access needed healthcare.

Analysis: Health Equity and SDoH

The DoN Staff reviewed the Applicant's efforts to provide equitable care. Staff found that the Applicant demonstrates efforts to promote health equity through system wide goals targeting health disparities within the region and addressing health equity barriers discovered through the CHNA process. In addition to these specific regional health goals, BH has adopted efforts spanning hiring practices, digital literacy for patients, data collection for RELD/SOGI and HRSN, and partnership with PCPs to improve health equity outcomes. Staff finds that the Applicant has sufficiently outlined efforts to improve health equity. As a result, Staff finds that the Applicant meets the requirements of the Public Health Value: Health Equity part of Factor 1b.

Factor 1: c) Efficiency, Continuity of Care, Coordination of Care

The Applicant states that the Proposed Project promotes continuity and coordination of care for its patients through expanded access to integrated services and medical record integration.

Integrated Services: Following the Proposed Project, MMC will be integrated with BH, a Massachusetts-based integrated health system as opposed to its current out-of-state parent Trinity, which will not only preserve access to essential community-based services, and improve long-term operational stability for MMC, but also strengthen care coordination. The Applicant

cites research stating that affiliation within a clinically integrated health system provides a higher degree of care coordination than a standalone hospital because such health systems operate under shared governance structures, integrated health information technology platforms, uniform quality improvement programs, and standardized clinical workflows that span care settings.[j] Research demonstrates that hospitals affiliated with clinically integrated systems are significantly more likely than independent hospitals to implement formal care coordination practices, including post discharge follow-up, chronic disease management, and accountable care organization participation. This demonstrates a greater organizational capacity to coordinate care across the continuum.[k] The Applicant asserts clinical integration available through large health systems improves care coordination by enabling timely information exchange, aligned quality metrics, and clearer accountability during transitions of care, leading to more consistent coordination processes than those observed in standalone hospitals.[l] Integrating MMC into BH's broader clinical, administrative, and care coordination infrastructure will allow MMC patients to benefit from improved continuity of care, enhanced access to timely and locally based services, and stronger linkages across the care continuum.

Medical Record Integration: Upon implementation of the Proposed Project, the Applicant states the MMC will be integrated into BH's electronic medical record system and will adopt the system's established quality and health equity programs, in turn promoting continuity and coordination of local care in the community. The clinical integration of services provided across BH will provide shared medical records system, standard clinical protocols, and aligned quality objectives. The Health-Related Social Needs Screening tool is built into the electronic medical record, prompting for both screenings and referrals to community-based resources.

Analysis

Staff finds that expanded access to services in a multi-hospital system promotes an efficient integration of care for more patients receiving treatment through MMC. Electronic medical record access supports continuity between all providers on the care team and may improve coordination between these providers. As a result, Staff finds that the Proposed Project meets the requirements of Factor 1c.

Factor 1: d) Consultation

The Applicant has provided evidence of consultation, both prior to and after the Filing Date, with all government agencies that have licensure, certification, or other regulatory oversight, which has been done and will not be addressed further in this report. As a result, Staff finds that the Proposed Project meets the requirements of Factor 1d.

Factor 1: e) Evidence of Sound Community Engagement through the Patient Panel

The Department's Guideline[13] for community engagement defines "community" as the Patient Panel and requires that, at minimum, the Applicant must "consult" with groups representative of the

[13] Community Engagement Standards for Community Health Planning Guideline.

Applicant's Patient Panel. Regulations state that efforts in such consultation should consist of engaging "community coalitions statistically representative of the Patient Panel."[14]

Informational Website: A dedicated website[15] has been established for hospital employees and the public to stay informed about the Proposed Project and receive the latest updates.

Community Meeting: BH and MMC held live streamed town hall events on April 28, 2026, as well as an in person public meeting on May 12, 2026, at the South End Community Center, Springfield. Approximately 35-50 individuals attended the in-person meeting. Feedback focused on preservation of emergency services at MMC, availability of maternity services, and concerns about Medicare/Medicaid funding. The comment regarding maternity services at the meeting was a statement of the importance of maternity services and the desire for services to still be available in the community. MMC also solicited feedback from the members of its Patient and Family Advisory Committee and feedback was positive.

Legal Notices: In addition, the Applicant published a legal notice for the Proposed Project in *The Republican* on May 5, 2026. A copy of the legal notice was posted prominently on both hospitals' websites.

Analysis

Staff reviewed the information on the Applicant's community engagement and finds that the Applicant has met the required community engagement standard in the planning phase of the Proposed Project. As a result, Staff finds that the Proposed Project meets the requirements of Factor 1e.

Factor 1: f) Competition on price, total medical expenses (TME), costs and other measures of health care spending

The Applicant states that the Proposed Project will compete on the basis of price, total medical expenses (TME), provider costs, and other recognized measures of health care spending by maintaining and expanding the provision of services at the level necessary to support the Springfield region.

While the Proposed Project would result in there being no competition in Springfield, the Applicant intends to maintain the current rates for patients at MMC. The Applicant also does not anticipate any significant changes to either BH or MMC payer mix as a result of the Proposed Project. The Applicant asserts that the Proposed Project will positively impact provider costs through more appropriate hospital utilization. More appropriate hospital utilization is expected to improve provider costs through efficiencies associated with standardization of suppliers, consolidation of vendors, greater capacity to serve patients resulting in appropriate and timely care that will likely improve throughput. As previously discussed in Factor 1a, Baystate Medical Center's adult inpatient medical/surgical service is currently operating at 116 percent capacity while MMC is operating at 56 percent. Additionally, the

[14] DoN Regulation 100.210 (A)(1)(e).
[15] Baystate Health – Mercy website

Applicant states the Proposed Project will allow Baystate Health to better manage inpatient admissions in Springfield between Baystate Medical Center and MMC. Improved utilization of medical/surgical beds between the two hospitals will not only improve access to care but will contribute to cost savings through efficient use of resources.

The Applicant states the Proposed Project will allow MMC patients to benefit from a more coordinated approach to care management as additional providers will be part of their integrated care network. The Applicant states that this care coordination will promote cost savings by reducing unnecessary emergency department visits through earlier appropriate treatment, readmissions, and providing better availability of specialist care.

Analysis

The Proposed Project may improve access and contribute to cost savings through balancing utilization across MMC and Baystate Medical Center, and efficient use of BH system resources. Staff finds that, on balance, the Proposed Project will likely compete on the basis of price, TME provider costs, and other measures of health care spending and meets the requirements for Factor 1f.

Summary, Factor 1

As a result of the information provided by the Applicant and additional analysis, staff finds that the Applicant has demonstrated that the Proposed Project meets Factor 1(a-f). The Applicant proposed specific outcome and process measures to track the impact of the Proposed Project which staff has reviewed, and which will become a part of the reporting requirements.

Factor 2: Cost containment, Improved Public Health Outcomes and Delivery System Transformation

For Factor 2 the Applicant must demonstrate that the Proposed Project will meaningfully contribute to the Commonwealth's goals for cost containment, improved public health outcomes, and delivery system transformation beyond the Patient Panel.

Cost Containment

The Applicant asserts the Proposed Project will support the availability of adequate levels of essential hospital services in the community. The Applicant states that if MMC were to close, , patients will be competing for more limited services due to insufficient access to services, creating unsustainable wait times and delayed care, which can result in more costly treatment.[m]

The Proposed Project will also support containing costs by leveraging the Applicant's staffing resources. The Applicant anticipates that where MMC has struggled to manage the high costs of staffing, BH will shift MMC's contracted labor model to an employed staffing model, which has been successful in BH's other facilities. BH does not have MMC contracted labor cost data that would allow it to conduct a cost comparison between MMC's contracted labor model and BH's employed model. However, the Applicant reports based on BH's own experience using certain locum tenens physicians,

the cost of those contracted physicians is approximately 40 percent higher than the cost of BH employed physicians.

The Applicant referenced its own experience in successfully reducing labor costs, explaining that in FY2025, BH implemented a comprehensive plan which optimized the workforce, and reduced labor-related expenses throughout the organization. BH also prioritized nursing retention and recruitment as essential elements of its comprehensive labor strategy. The Applicant states these initiatives led to a 70 percent decrease in the use of temporary staff compared to FY2024. Cumulatively, these measures have resulted in over $27 million in annualized savings for FY2025. The Applicant anticipates implementing these initiatives to improve clinician utilization across MMC if the Proposed Project is approved.

Additionally, the Applicant states the Proposed Project will support opportunities to reduce unnecessary duplication of comparable services among the two hospitals located in Springfield, creating cost savings and efficient use of resources. The Applicant states during this planning phase, BH is also focusing on achieving cost savings through the consolidation of back-office functions and the transition to one integrated electronic medical record system across all BH facilities, including MMC, upon the closing of the Proposed Project.

Analysis: Cost Containment

Staff finds the Applicant has adequately explained how it aligns with cost containment goals through plans to improve staffing costs based on the Applicant's own successful implementation of labor cost reduction. The Applicant expects to reduce duplication of services among the two Springfield hospitals and consolidate back-office services as an avenue toward cost containment. As a condition of approval, the Applicant will report annually on their efforts to maintain MMC's rates and insurers. . Therefore, DoN Staff can conclude with the addition of the "Other Condition" the Proposed Project will likely meet the cost containment component of Factor 2.

Improved Public Health Outcomes

As previously discussed in other factors, the Applicant asserts that the Proposed Project will improve public health outcomes by preserving needed access to community hospital services in Springfield and by expanding care coordination through the integration of MMC into the Baystate Health system. In addition to the preservation of care necessary to serve the community, the Applicant states the Proposed Project will improve access to inpatient care by more fully utilizing the licensed beds available at MMC for lower acuity patients and shifting higher acuity patients to Baystate Medical Center. Additionally, by increasing needed staffing to support appropriately shifting care from Baystate Medical Center back to MMC, Baystate Medical Center will have the availability to accept tertiary cases from across Western Massachusetts. The Applicant anticipates that as patient care shifts between Baystate Medical Center and MMC, and MMC returns to providing services at its licensed capacity, more beds will be available to patients, ED patients requiring an inpatient admission at both hospitals will be transferred to an inpatient bed more timely, reducing ED boarding, ED wait times, and the number of patients who leave the ED without being seen.

Analysis: Public Health Outcomes

Staff finds the Proposed Project will preserve access to local care for the Patient Panel, as well as appropriate staffing to support licensed capacity and access at MMC. As MMC's capacity increases with the ability to accept many patients who are currently seeking services at other hospitals, MMC and Baystate Medical Center are likely to see a more efficient flow from ED to inpatient admission. Therefore, DoN Staff can conclude that the Proposed Project will likely meet the Public Health Outcomes component of Factor 2.

Delivery System Transformation

The Applicant states the Proposed Project will integrate MMC into BH's established system of screening patients for SDoH and connecting them to the appropriate resources. BH currently uses the Health-Related Social Needs Screening tool as well as the MassHealth ACO Flexible Services program criteria. The Health-Related Social Needs Screening tool is built into the electronic medical record, prompting for both screenings and referrals to community-based resources. As patients' needs are identified, referrals and connections to social services are facilitated by Baystate Health Care Teams. The Applicant states the process of screening for social needs will be incorporated into patient care for all MMC patients as they are integrated into BH with the same goal of screening all patients at least annually.

Analysis: Delivery System Transformation

Central to the goal of Delivery System Transformation is the integration of social services and community-based expertise. The Applicant has a screening process in place that provides several opportunities to identify SDoH issues and provide connection to resources. Therefore, DoN Staff can conclude that the Proposed Project will likely meet the Delivery System Transformation component of Factor 2.

Summary, Factor 2

As a result of information provided by the Applicant, staff finds that with the "Other Conditions" outlined below and the standard reporting conditions, the Proposed Project has sufficiently met the requirements of Factor 2.

Factor 3: Relevant Licensure/Oversight Compliance

The Applicant has provided evidence of compliance and good standing with federal, state, and local laws and regulations and this Factor will not be addressed further in this report. Per 105 SMR 100.310, the Applicant will be subject to ongoing compliance with Standard Conditions upon approval of a Determination of Need. As a result of information provided by the Applicant, staff finds the Applicant has reasonably met the standards of Factor 3.

Factor 4: Demonstration of Sufficient Funds as Supported by an Independent CPA Analysis

Under Factor 4, the Applicant must demonstrate that it has sufficient funds available for capital and operating costs necessary to support the Proposed Project without negative effects or consequences to the existing Patient Panel. Documentation sufficient to make such findings must be supported by an analysis by an independent certified public accountant (CPA). The Applicant submitted a report performed by Meyers Brothers Kalicka (CPA Report).

The CPA analysis included a review of numerous documents in order to form an opinion as to the reasonableness and feasibility of the projections regarding the Proposed Project including: historical revenue and expenses for both Baystate Health and Mercy Medical Center, FY2022-2025; projected combined patient volume, FY2027-2031; projected individual and combined revenue, expenses, and cash flow statements FY2027-2031; Baystate Health, Inc. and Subsidiaries audited consolidated financial statements as of and for FY2022-2025; Mercy Medical Center internally prepared consolidated balance sheets and income statements for FY2022-2025. The CPA assessed the reasonableness[16] of assumptions used in the preparation and feasibility[17] of the projections with regards to the Proposed Project.

Revenues: Revenue for the Proposed Project is based on net patient service revenue and other operating revenue. Net patient service revenue comprises approximately 64 percent of total operating revenue for the years ending FY2027-FY2031, which the CPA states is consistent with historical revenue. The Applicant anticipates an increase of approximately 3 percent in FY2027. Annual growth is expected to remain consistent with increases of approximately 2.5 percent per year from FY2028-2031. Other operating revenue[18] will comprise approximately 36 percent of total operating revenue for FY2027-FY2031. Annual growth is expected to remain consistent with increases of approximately 2 percent per year during the projected time period. Operating revenue is based on the average reimbursement rates of Blue Cross Blue Shield (historically 8 percent of total revenues), Medicare (49 percent), Medicaid (24 percent) and other payers (19 percent). The Applicant anticipates the revenue payor mix for FY2027-FY2031 to remain consistent. Based on CPA analysis, the pro-forma net revenue projected by the Applicant is a reasonable estimation and conservative.

Expenses: The CPA analyzed Salary, Wages and Benefits; Supplies; Purchased Services; Depreciation and Amortization; Interest Expense; and Other Expenses.

- *Salaries, wages and benefits* are projected to increase by about 3 percent per year with no significant change to staffing levels. Fringe benefits are expected to be approximately 21 percent of total salaries and wages during the projected time period.

[16] Reasonableness is defined within the context of this report as supportable and proper, given the underlying information.
[17] Feasibility is defined as based on the assumptions used, the plan is not likely to result in insufficient funds available for capital and ongoing operating costs necessary to support the proposed project without negative impacts or consequences to the existing Patient Panel.
[18] Other Operating Revenue includes nonpatient pharmacy contracts, nonpatient related point of service revenues, amounts received under research grants and contracts, and other grant revenue.

- *Supplies expense*[19] is expected to increase by approximately 3 percent annually in expenses related to the ambulatory and other drugs, and approximately 2.5 percent annual increase for all other supplies over the projected 5 years.
- *Purchased services*[20] to increase annually by 3 percent from FY2027-FY2031. The Applicant expects a decrease of 8 percent in purchased services in FY2027 compared to the historical purchased services expense as a result of reductions in contract labor.
- *Depreciation and Amortization:* Existing Baystate land, buildings and equipment will continue to be depreciated on a straight-line basis over the useful lives determined by the American Hospital Association's guide. During June 2025, Mercy impaired and wrote off land, buildings and equipment. The Applicant projected capital expenditures will be made during FY2027-FY2031, increasing the projected depreciation and amortization over the life of the projection when compared to historical figures.
- *Interest Expense* was projected based on historical interest incurred on Baystate Health's existing line of credit (interest rate of 5.43 percent and 5.67 percent for the years ended September 30, 2025 and 2024, respectively) and other existing notes payable and bond issuances (interest rates ranged between 1.98 percent and 6.33 percent for the years ended September 30, 2025 and 2024, respectively). Maturities on the notes payable and bond issuances range from December 2027 to July 2049, and the line of credit has a maturity date of November 2027. The Applicant does not anticipate additional financing to be required for the Proposed Project.
- *Other expenses* include claims expenses, insurance, rent, and utilities, as well as all overhead expenses from MMC. The Applicant anticipates these expenses will increase approximately 2.5 percent annually during from FY2027-FY2031. Additional costs expected during FY2027 include integration costs, onboarding, and other costs associated with connectivity of systems.

Based on analysis, the CPA concluded that the pro-forma total expenses projected by the Applicant are a reasonable estimation and conservative.

Lease agreement, Capital Expenses, and Cash Flows

The CPA Report reviewed projected capital expenditures and future cash flows of the Applicant in order to determine whether the cash flow would be able to support the continued operations. The Applicant projected capital expenditures would not exceed cash flow during the projected time period. Capital expenditures include site work to be completed at the various MMC locations, including structural, roofing, HVAC, plumbing, and electrical. Baystate anticipates capital costs related to campus infrastructure at various locations, a new emergency department at Baystate Noble Hospital, patient

[19] Supplies expense includes ambulatory and other drugs, dietary supplies, neuro supplies, office supplies, and other related expenses.

[20] Purchased services include contract labor, physician fees, and fees for other outside services.

beds, Springfield Community Health & Wellness Center ambulatory services, implementation of cloud software and other capital expenditures.

Based on analysis, the CPA concluded that the capital needs and ongoing operating costs required for the Proposed Project are not likely to result in a scenario where there is insufficient funds available for capital and ongoing operating costs necessary to support the Proposed Project over the five-year projected period. The Applicant has the resources to fund the capital needs and ongoing operating costs of the Proposed Project.

CPA's Conclusion of Feasibility

As a result of its analysis the CPA states that:

> *"We determined that the projections were not likely to result in insufficient funds available for ongoing operating costs necessary for the Applicant to support the Proposed Project. Based upon our review of the projections and relevant supporting documentation, we determined the Projections are financially feasible, not likely to have a negative impact on the existing patient panel of the Applicant, and within the financial capability of the Applicant."*

Factor 4 Analysis

Staff is satisfied with the CPA's analysis of the Proposed Project's projections. As a result of information provided by the Applicant and additional analysis, staff finds that the Applicant has demonstrated that the Proposed Project has met Factor 4.

Factor 5: Assessment of the Proposed Project's Relative Merit

Transfers of Ownership are exempt from this factor.

Factor 6: Fulfillment of DPH Community-based Health Initiatives Guideline

Transfers of Ownership are exempt from this factor.

Findings and Recommendations

Based upon a review of the materials submitted and with the addition of certain conditions, set out below and imposed pursuant to 105 CMR 100.360(A), the Department finds that the Applicant has met each applicable DoN factor and recommends approval of this Application for Determination of Need subject to all applicable Standard and Other Conditions.

Other Conditions

1. **Factor 1b - Public Health Value:** To establish adherence to this intention as outlined at the public hearing on the proposed transfer of ownership, as a condition of approval, the Holder must maintain all essential services at MMC for a minimum of 5 years post DoN approval; provided, however, Baystate may consolidate essential services at BMC or MMC.

2. **Factor 1b – Public Health Value:** To allow for Program monitoring of the Holder's commitment to maintaining all essential services after the acquisition of MMC, the Holder must inform the Program, on a quarterly basis, of any anticipated material or prolonged reduction of any essential service at MMC during the upcoming quarter, and the rationale for such reduction. The Holder will provide an analysis of utilization patterns over a minimum of the previous five years, budgeted and actual Full Time Equivalent (FTE) staffing for each of the services referenced for reduction, a data supported assessment of community need, and a justification for the reduction the service, including alternatives considered and alternative sites where access can be reasonably assured for its Patient Panel.

Following a notice of anticipated reduction of any essential service at MMC, the Holder may be referred to the Public Health Council for review of the long-term implications of such reduction and compliance with the DoN approval.

3. **Factor 1b – Public Health Value:** Within one year of the transaction's closing, the Holder will provide the Department with an initial assessment of its operations and service lines, as well as an integration plan for incorporating Mercy Medical Center into the operations of BH with definable benchmarks. This report will include plans for the provision of the services on the MMC hospital license that were suspended or closed as of the date of DoN Approval.

4. **Factor 2 – Cost Containment:** The Holder will make good faith efforts to ensure continuity of care for patients through good faith efforts to participate in the same insurance plans that MMC participated in as of the Closing at the same or lower rates through the end of the applicable payer contract period.

If BH increases rates or no longer participates in the same insurance plans, the Holder will be afforded an opportunity to justify the changes. After review of the Holder's justification, the Department may require the Holder to be referred to the PHC for review of the long-term implications of such actions and compliance with the DoN approval.

5. **Factor 1c – Continuity of Care:** The Holder will make good faith efforts to ensure continuity of care for patients through good faith efforts to participate in the same insurance plans that MMC participated in as of the Closing for a period of 5 years. If BH no longer participates in the same insurance plans, the Holder will be afforded an opportunity to justify the change. After review of

the Holder's justification, the Department may require the Holder to be referred to the PHC for review of the long-term implications of such actions and compliance with the DoN approval.

Appendix I: Measures for Annual Reporting

Outcome Measures

To assess the impact of the Proposed Project, the Applicant has developed the following outcome measures. The Applicant will report this information to the Department's DoN Program staff as part of its annual report required by 105 CMR 100.310(A)(12) following implementation of the Proposed Project. For all measures, the Applicant will provide annual data. Reporting will include a description of numerators and denominators.

1. **Access to Care:** The Proposed Transfer is anticipated to facilitate level-loading across Baystate Medical Center and MMC by providing capacity to both secondary care at MMC and tertiary care at Baystate Medical Center in Springfield. By shifting appropriate patients to MMC, Baystate Medical Center will have more capacity for patients who require a higher level of care. In turn, these level-loading efforts will be reflected in decreased Baystate Medical Center ED boarder hours and the LWBS rate because patients will experience shorter wait times to access emergency and inpatient care.

   To assess the impact on access to care, the Holder will report for MMC, Baystate Medical Center, and Other BH Facilities:

   a. Number of Licensed Medical Surgical Beds
   b. Number of staffed beds
   c. Number of Admissions
   d. ED Boarding Times
   e. Left Without Being Seen (LWBS) rate
   f. Capacity percentage

2. **Access to Care – Specialty Services:** The Holder will report data tracking the use of specialty services at MMC, Baystate Medical Center, and Other BH Facilities that includes the specialties listed in Table 4a as well as any additional specialty services made available to MMC patients post-merger.

3. **Patient Satisfaction -** The Proposed Transfer is anticipated to result in timelier access to ED services upon patient arrival at Baystate Medical Center, translating to improved patient experience, and higher patient satisfaction scores. Improving utilization at MMC, and in turn

decreasing occupancy at Baystate Medical Center, is expected to improve patient experience for patients at both Baystate Medical Center and MMC.

To assess the Proposed Transfer's impact on patient experience, the Applicant will use through the Press Ganey Hospital Consumer Assessment of Healthcare Providers (HCAHPS) and the Clinician & Group Consumer Assessment of Healthcare Providers (CG-CAHP) surveys for both Baystate Medical Center and MMC to track the following specific Press Ganey HCAHPS measures:

a) Likelihood to Recommend; and
b) Patient Access

4. **Increased Capacity:** The Applicant will improve staffing levels, which should allow for increased capacity at the Hospital. The Applicant will report annually on the Staffing levels (in FTE's), providing the current (FY2026) staffing levels as a baseline. The Applicant will provide an analysis for any reduction in capacity and/or staffing levels, including a plan to address these losses.

5. **Quality of Care:** The Holder shall provide, in its annual report to the Department, measures to assess the impact of the Proposed Project specifically for MMC, including
   a. Clinical quality metrics such as patient mortality;
   b. Patient safety, as measured by Patient Safety Indicator (PSI) events; and
   c. Health equity, as measured by the MassHealth health equity incentive program metrics

References

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[f] *See* Jiang HJ, Fingar KR, Liang L, Henke RM, Gibson TP. Quality of Care Before and After Mergers and Acquisitions of Rural Hospitals. *JAMA Netw Open.* 2021;4(9):e2124662.
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[j] RAND Corporation. Integrated Care. Updated August 13, 2021 (Last accessed May 12, 2026) *See also* Satake A, McElroy V. *Inpatient transitions of care: challenges and safety practices*. Agency for Healthcare Research and Quality (AHRQ) Patient Safety Network (PSNet). Published March 27, 2024 (Last accessed May 12, 2026).

[k] Chen J, DuGoff EH, Novak P, Wang MQ. *Variation of hospital-based adoption of care coordination services by community-level social determinants of health*. Health Care Manage Rev. 2020;45(4):332-341. doi:10.1097/HMR.0000000000000232.

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[m] Kendra Ratnapradipa et al, *Factors Associated With Delaying Medical Care: Cross-Sectional Study of Nebraska Adults*, BMC Health Services Research (2023).