

**HEALTH POLICY COMMISSION
NOTICE OF MATERIAL CHANGE FORM**

Health Policy Commission
Two Boylston Street
6th Floor
Boston, MA 02116

GENERAL INSTRUCTIONS

The attached form should be used by a provider or provider organization to provide a notice of material change ("Notice") to the Health Policy Commission ("Commission"), as required under § 13 of M.G.L. c. 6D. To complete the Notice, it is necessary to read and comply with Bulletin 2013-1 issued by the Commission, **Interim Guidance for Providers and Provider Organizations Relative to Notice of Material Change to the Health Policy Commission ("Interim Guidance")**. The Interim Guidance may be obtained on the Commission's website at www.mass.gov/hpc. For further assistance, please contact the Health Policy Commission at HPC-Notice@state.ma.us. This form is subject to statutory and regulatory changes that may take place from time to time.

WHO NEEDS TO FILE

This Notice should be submitted by any provider or provider organization with \$25,000,000 in net patient service revenue or more in the preceding fiscal year that is proposing a material change, as defined by the Interim Guidance. Notice must be filed with the Commission not less than 60 days before the effective date of the proposed change.

SUBMISSION OF NOTICE

One electronic copy of the Notice, in a portable document form (pdf), should be submitted to the following:

Health Policy Commission
HPC-Notice@state.ma.us

Office of the Attorney General
HCD-6D-NOTICE@state.ma.us

Center for Health Information and Analysis
CHIA-Legal@state.ma.us

PRELIMINARY REVIEW AND NOTICE OF COST AND MARKET IMPACT REVIEW

If the information provided in the Notice is incomplete or if the Commission determines clarification of the information submitted is needed to make its decision, the Commission may require the notifying organization to submit such supplemental information within 30 days of receipt of the initial Notice.

The Commission will notify each notifying organization of its decision to proceed with a cost and market impact review within 30 days of its receipt of a completed Notice and all necessary supplemental information.

PUBLIC DISCLOSURE

Pursuant to Bulletin 2013-1 issued by the Commission, all information collected by the Commission in connection with a Notice shall be deemed to be a public record.

NOTICE OF MATERIAL CHANGE

Date of Notice: _____

1.	Name:	Beth Israel Deaconess Medical Center (BIDMC)
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2.	Federal TAX ID #	MA DPH Facility ID #	NPI #
	04-2103881	VL42	1548202641

Contact Information					
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3.	Business Address 1:	330 Brookline Ave.				
4.	Business Address 2:					
5.	City:	Boston	State:	MA	Zip Code:	02215
5.	Business Website:					

7.	Contact First Name:	Jamie	Contact Last Name:	Katz
8.	Title:	Senior VP and General Counsel		
9.	Contact Phone:	617-667-1876	Extension:	
10.	Contact Email:	jwkatz@bidmc.harvard.edu		

Description of Organization	
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11.	<p><i>Briefly</i> describe your organization.</p> <p>BIDMC is a non-profit tertiary academic medical center that is governed by a 24 member, volunteer Board of Directors. BIDMC, a major teaching hospital of Harvard Medical School, is a member of CareGroup Inc. and the Beth Israel Deaconess Accountable Care Organization, LLC (BIDCO). BIDMC has an exclusive affiliation agreement with Harvard Medical Faculty Physicians (HMFP) at Beth Israel Deaconess Medical Center for research, teaching and patient care services. HMFP, which employs approximately 800 Harvard Medical School faculty members, comprises the majority of the medical staff at BIDMC. BIDMC's charitable mission includes patient care, research, education, and community benefits. BIDMC has more than 9,000 employees and is currently licensed for a total of 649 beds, including 440 medical/surgical beds, 77 critical care beds, and 60 OB/GYN beds. BIDMC offers a full range of adult tertiary/quaternary clinical services to patients in Eastern Massachusetts, including cardiovascular care, cancer care, digestive diseases, OB/GYN, neonatology, neurosciences, orthopedics, psychiatry, and transplantation, and operates a Level 1 Trauma Center. BIDMC also has three</p>
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	controlled, not-for-profit, tax-exempt, low-cost community hospitals, Beth Israel Deaconess Hospital—Needham, Beth Israel Hospital-Milton, and Beth Israel Deaconess Hospital—Plymouth.
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Type of Material Change	
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| 12. | Check the box that most accurately describes the proposed material change: |
| | <input type="checkbox"/> Merger or affiliation with a carrier
<input type="checkbox"/> Acquisition of or acquisition by a carrier
<input type="checkbox"/> Merger with or acquisition of or by a hospital or a hospital system
<input type="checkbox"/> Any other acquisition, merger, or affiliation between a provider organization and another provider organization where such acquisition, merger, or affiliation would result in an increase in annual net patient service revenue of the provider or provider organization of more than \$10,000,000
<input checked="" type="checkbox"/> Any clinical affiliation between a provider or provider organization with another provider or provider organization which itself has an annual net patient service revenue of more than \$25,000,000
<input type="checkbox"/> Formation of a partnership, joint venture, common entity, accountable care organization, or parent corporation created for the purpose of contracting on behalf of more than one provider or provider organizations |

13.	What is the proposed effective date of the proposed material change?	
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Material Change Narrative	
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14.	<p><i>Briefly describe the nature and objectives of the proposed material change:</i></p> <p>NEBH and BIDMC are founding members of the CareGroup system. As such, they are jointly and severally liable on obligated group debt, participate together in CareGroup governance, and have related together clinically since (and in some respects before), the formation of CareGroup. HMFP is the faculty practice plan associated with BIDMC.</p> <p>In this current effort, these three parties have signed a Strategic Relationship Agreement (“Agreement”) in order to clinically affiliate in a form best described as an integrated musculoskeletal delivery system which will be implemented over time in a phased manner. Neither the ownership nor the governance structures of HMFP, BIDMC or NEBH will change as a result of this affiliation and each hospital will continue operating its own musculoskeletal services under its own hospital license. The hospital parties will, however, create a shared risk enterprise through the creation of an integrated financial operation of the MSK service line. The integration effort will be assisted by the creation of a “joint venture” entity which will allow the hospital parties to better manage the service line and look for opportunities to expand their collaboration to other areas, thereby creating a more competitive MSK environment. The overall objective of the affiliation is to create a broad network of NEBH-branded musculoskeletal care in select communities that will be managed by NEBH and will use HMFP and BIDMC’s resources and expertise in broader forms of medical care. The affiliation will allow all three organizations to expand their efforts to provide high quality, high value care in the most appropriate locations.</p> <p>The Agreement essentially establishes a framework with stated goals and principles, along with a decision-making process to jointly determine how to pursue the specified goals consistently with the agreed-upon principles. Goals set out in the Agreement include:</p> <p>--The focus will be to develop opportunities to bring high quality and high value orthopedic care to broader patient populations and to coordinate the delivery of care between the two hospitals, while extending the NEBH brand throughout the broader BIDMC/HMFP network and other expansion sites over time.</p> <p>--Non-musculoskeletal medical services, such as cancer or cardiovascular care, will be provided by BIDMC, with HMFP physician support.</p>
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	<p>--In the long term, assuming that the affiliation proceeds as the parties hope, there will occur a consolidation of NEBH and BIDMC hospital-based MSK services into a new NEBH facility co-located with or adjacent to the BIDMC campus. During the initial phase of the affiliation the parties will focus on opportunities for clinical integration while developing a plan to extend NEBH services into new markets.</p> <p>--Over time, the goal is for HMFP to become a core practice group within the NEBH medical staff, along with the existing NEBH private practices, Atrius, and NEBMA.</p> <p>--The research programs at BIDMC and NEBH will each remain separately operated and controlled, unless the parties agree otherwise.</p> <p>--For the foreseeable future, the hospitals will maintain their existing teaching programs while creating opportunities to collaborate to enhance the training experience. Over the longer term, the hospitals along with key physician leaders from NEBH and HMFP will begin to explore the potential for the creation of nation-leading graduate medical education programs in orthopedics and related specialties.</p> <p>--The parties will pursue, over time, the opening of the Beth Israel Deaconess Care Network ("BIDCO") network to all NEBH and BIDMC licensed facilities.. In addition, the parties will pursue, over time, establishing current NEBH physicians as part of the BIDCO network.</p>
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15.	Briefly describe the anticipated impact of the proposed material change:
	<p>First, over time, BIDMC and NEBH will become more clinically aligned in order to provide care for MSK patients at both hospitals in a manner consistent with NEBH protocols and best practices. This will result in reductions in practice variation as well as improved efficiencies and outcomes. This alignment will result in increased cooperation among HMFP and NEBH physicians over time. There are existing and historical patterns whereby patients move back and forth between the two hospitals for specific services, but the parties anticipate that, in the initial phase of the new relationship, the patients transferred between the two hospitals may increase. In addition, over time, the population served by the NEBH-branded musculoskeletal service line will expand into more communities so that more patients receive high quality, cost effective services coupled with, where necessary, better coordinated medical care. Eventually, if the parties proceed as currently envisioned, all of the MSK services of both hospitals will go forward in a newly designed New England Baptist Hospital (almost certainly available no earlier than 2020), operated under its license, co-located or contiguous with BIDMC with the related and ancillary medical services provided by BIDMC and HMFP. Ultimately, if the parties are able to expand into additional communities as envisioned, there will be more patients served in the communities through this combined musculoskeletal venture than presently served by those existing community hospitals. Finally, over time, if the parties proceed as currently planned, NEBH and its related physicians will become members of BIDCO in distinct service areas. But those service areas have not yet been approved, or in certain instances, not yet determined so that we cannot predict what effect that activity will have on the market.</p> <p>With respect to costs, prices, utilization, market shares, and payer mixes, because this is an affiliation without any definitive expansion steps identified as of yet, we cannot now provide more detailed information on these issues. The hope is that the effect of the affiliation would be to deliver better MSK care over a broader geographic area, on an integrated delivery basis.</p>

Development of the Material Change	
16.	<p>Describe any other material changes you anticipate making in the next 12 months:</p> <p>None anticipated</p>

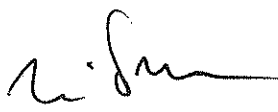
17.	Indicate the date and nature of any applications, forms, notices or other materials you have submitted regarding the proposed material change to any other state or federal agency:

Affidavit of Truthfulness and Proper Submission

I, the undersigned, certify that:

1. I have read the Health Policy Commission Bulletin 2013-1, **Interim Guidance for Providers and Provider Organizations Relative to Notice of Material Change to the Health Policy Commission.**
2. I have read this Notice of Material Change and the information contained therein is accurate and true.
3. I have submitted the required copies of this Notice to the Health Policy Commission and to all relevant agencies (see below*) as required.

Signed on the 18 day of March, 2014, under the pains and penalties of perjury.

Signature: 

Name: Kevin Tabb

Title: President and CEO, BIDMC

FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:

3/18/14


Notary Signature

expiration date:
11/16/18

Copies of this application have been submitted electronically as follows:

Office of the Attorney General (1)

Center for Health Information and Analysis (1)

EXPLANATIONS AND DEFINITIONS

1.	Name	Legal business name as reported with Internal Revenue Service. This may be the parent organization or local provider organization name.
2.	Federal TAX ID #	9-digit federal tax identification number also known as an employer identification number (EIN) assigned by the internal revenue service.
	MA DPH Facility ID #	If applicable, Massachusetts Department of Public Health Facility Identification Number.
	National Provider Identification Number (NPI)	10-digit National Provider identification number issued by the Centers for Medicare and Medicaid Services (CMS). This element pertains to the organization or entity directly providing service.
3.	Business Address 1:	Address location/site of applicant
4.	Business Address 2:	Address location/site of applicant continued often used to capture suite number, etc.
5.	City, State, Zip Code	Indicate the City, State, and Zip Code for the provider organization as defined by the US Postal Service.
6.	Business Website:	Business website URL
7.	Contact Last Name, First Name	Last name and First Name of the primary administrator completing the registration form.
8.	Title:	Professional title of the administrator completing the registration form.
9.	Contact Telephone and Extension	10-digit telephone number and telephone extension (if applicable) for administrator completing the registration form
10.	Contact Email:	Contact email for administrator

11.	Description of Organization:	Provide a brief description of the notifying organization's ownership, governance, and operational structure, including but not limited to provider type (acute hospital, physician group, skilled nursing facilities, independent practice organization, etc.), number of licensed beds, ownership type (corporation, partnership, limited liability corporation, etc.), service lines and service area(s).
12.	Type of Material Change	<p>Indicate the nature of the proposed material change.</p> <p><i>Definitions of terms:</i></p> <p>"Carrier", an insurer licensed or otherwise authorized to transact accident or health insurance under chapter 175; a nonprofit hospital service corporation organized under chapter 176A; a nonprofit medical service corporation organized under chapter 176B; a health maintenance organization organized under chapter 176G; and an organization entering into a preferred provider arrangement under chapter 176I; provided that this shall not include an employer purchasing coverage or acting on behalf of its employees or the employees of 1 or more subsidiaries or affiliated corporations of the employer; provided that, unless otherwise noted, the term "carrier" shall not include any entity to the extent it offers a policy, certificate or contract that provides coverage solely for dental care services or vision care services.</p> <p>"Hospital", any hospital licensed under section 51 of chapter 111, the teaching hospital of the University of Massachusetts Medical School and any psychiatric facility licensed under section 19 of chapter 19.</p> <p>"Hospital System", a group of affiliated entities that includes one or more Hospitals that are overseen by a common entity or parent corporation.</p> <p>"Net patient service revenue", total revenue received for patient care from any third party payer net of any contractual adjustments.</p> <p>"Provider", any person, corporation, partnership, governmental unit, state institution or any other entity qualified under the laws of the commonwealth to perform or provide health care services.</p> <p>"Provider organization", any corporation, partnership, business trust, association or organized group of persons, which is in the business of health care delivery or management, whether incorporated or not that represents 1 or more health care providers in contracting with carriers for the payments of health care services; provided, that "provider organization" shall include, but not be limited to, physician organizations, physician-hospital organizations, independent practice associations, provider networks, accountable care organizations and any other organization that contracts with</p>

		carriers for payment for health care services.
13.	Proposed Effective Date of the Proposed Material Change	Indicate the effective date of the proposed material change. NOTE: The effective date may not be less than 60 days from the date of the application notice.
14.	Description of the Proposed Material Change	Provide a brief narrative describing the nature and objectives of the proposed material change. Include organizational charts and other supporting materials as necessary to illustrate the proposed change in ownership, governance or operational structure.
15.	Impact of the Proposed Material Change	Provide a brief description of any analysis conducted by the notifying organization as to the anticipated impact of the proposed material change including, but not limited to, the following factors, as applicable: <ul style="list-style-type: none"> • Costs • Prices, including prices of the provider or provider organization involved in the proposed merger, acquisition, affiliation or other proposed material change • Utilization • Health status adjusted total medical expenses • Market Share • Referral Patterns • Payer Mix • Service Area(s) • Service Line(s) • Service Mix
16.	Future Planned Material Changes	Provide a brief description of the nature, scope and dates of any pending or planned material changes to ownership, governance, or operations within the 12 months following the date of the notice.
17.	Submission to Other State or Federal Agencies	Indicate the date and nature of any other applications, forms, notices or other materials provided to other state or federal agencies relative to the proposed material change, including but not limited to the Department of Public Health (e.g., Determination of Need Application, Notice of Intent to Acquire, Change in Licensure), Massachusetts Attorney General (e.g., notice pursuant to G.L. c. 180, §8A(c)), U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application) and Federal Trade Commission/Department of Justice (e.g., Notification and Report Form pursuant to 15 U.S.C. sec. 18a).