

NOTICE OF MATERIAL CHANGE

Date of Notice: April 23, 2014

1.	Name:	UMass Memorial Health Ventures, Inc. ("UMMHV"), a subsidiary of UMass Memorial Health Care, Inc.
----	-------	--

2.	Federal TAX ID #	MA DPH Facility ID #	NPI #
	<u>22-2605679</u>	*Hospital License No. 2098 (Fairlawn Rehabilitation Hospital)	*1225002983 (Fairlawn Rehabilitation Hospital)

Contact Information					
3.	Business Address 1:	365 Plantation Street, 3 rd FL			
4.	Business Address 2:				
5.	City:	Worcester	State: MA	Zip Code:	01605
5.	Business Website:	http://www.fairlawnrehab.org/			

7.	Contact First Name:	Frank	Contact Last Name:	Smith
8.	Title:	Associate Vice President and Associate General Counsel		
9.	Contact Phone:	508-334-1700	Extension:	
10.	Contact Email:	smithf@ummhc.org		

Description of Organization	
11.	<i>Briefly describe your organization.</i>
	UMMHV is a Massachusetts non-profit corporation that serves as a holding company for UMass Memorial Health Care business ventures which serve the health care system. UMMHV owns 50% of the issued and outstanding shares of the stock of New England Rehabilitation Services of Central Massachusetts, Inc., a Massachusetts for-profit corporation d/b/a Fairlawn Rehabilitation Hospital ("Fairlawn" or the "Hospital"). Fairlawn is a licensed rehabilitation hospital located in Worcester.

Type of Material Change	
12.	Check the box that most accurately describes the proposed material change:
	<p> <input type="checkbox"/> Merger or affiliation with a carrier <input type="checkbox"/> Acquisition of or acquisition by a carrier <input checked="" type="checkbox"/> Merger with or acquisition of or by a hospital or a hospital system* (Please see note below.) <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 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 </p>

	* As noted in response to Items 14 and 15 below, the proposed transaction does not result in a direct merger or acquisition of Fairlawn by a hospital or a hospital system. Fairlawn will continue to be owned by its current owner and the same entities will continue to own all of the shares of stock of Fairlawn. However, the relative percentage ownership of the current owners of the shares of the stock of Fairlawn will shift. See response to Item 14 below.	
13.	What is the proposed effective date of the proposed material change?	As soon as legally feasible.
Material Change Narrative		
14.	<i>Briefly</i> describe the nature and objectives of the proposed material change:	
	Fairlawn is owned by UMass Memorial Health Ventures, Inc. ("UMMHV"), a subsidiary of UMass Memorial Health Care, Inc., and New England Rehabilitation Management Co., LLC ("NERM"), a subsidiary of HealthSouth Corporation. Currently, each owner holds 50% of the issued and outstanding shares of the stock of Fairlawn. UMMHV intends to convey to NERM 30% of the outstanding shares of Fairlawn, such that UMMHV would own 20% of the shares of Fairlawn, and NERM would own 80% of the shares. The Fairlawn Board of Directors will continue to be comprised of individuals elected or appointed by both UMMHV and NERM. Currently, the Fairlawn corporate bylaws provide for a six-member Board of Directors, with each of UMMHV and NERM electing or appointing three Directors. In connection with the closing of the contemplated transaction, the bylaws will be amended to increase the number of Directors to seven, with UMMHV and NERM electing or appointing three and four Directors, respectively. There will be no change in the ownership of UMMHV or NERM. Fairlawn's taxpayer identification number will not change. The transaction will not result in any change in the services provided at the Hospital, as described in more detail in Item 15 below.	
15.	<i>Briefly</i> describe the anticipated impact of the proposed material change:	
	The material change will not affect the activities at the Hospital. As a result of this transaction, there will be no material changes to the Hospital's management or operations, as it will continue to be managed and operated as it is now. It will continue to be owned by the same entity that currently holds its hospital license. The transaction will not result in a change in the Hospital's service area or market share. In addition, no change in its cost structure, payer mix or payer contracts will result by consummation of the transaction. The transaction will not have any impact on the Massachusetts market. Moreover, there will be no change in the Hospital's tax identification number, and its Medicare provider number will remain the same, since the Centers for Medicare & Medicaid Services does not consider a transaction of this nature be a change in ownership or change in control of the Medicare provider.	

Development of the Material Change	
16.	Describe any other material changes you anticipate making in the next 12 months:
	None.
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: The Massachusetts Department of Public Health has informed Fairlawn that no Determination of Need approval will be required in connection with this transaction.

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.

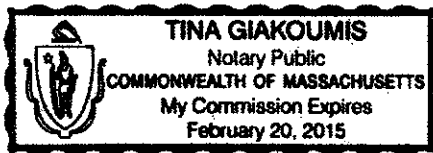
Signed on the 23rd day of April, 2014, under the pains and penalties of perjury.

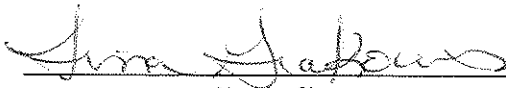
Signature: 

Name: Frank W. Smith

Title: Associate Vice President,
Associate General Counsel

FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:




Notary Signature

Copies of this application have been submitted electronically as follows:

Office of the Attorney General (1)

Center for Health Information and Analysis (1)