

NOTICE OF MATERIAL CHANGE

Date of Notice: 7/24/2014

1.	Name:	Lahey Health System, Inc.				
2.	Federal TAX ID #	MA DPH Facility ID #		NPI #		
	61-1665701	Not Applicable		Not Applicable		
Contact Information						
3.	Business Address 1:	41 Mall Road				
4.	Business Address 2:					
5.	City:	Burlington	State:	MA	Zip Code:	01805
5.	Business Website:	www.laheyhealth.org				
7.	Contact First Name:	David	Contact Last Name:	Spackman		
8.	Title:	General Counsel and SVP Governmental Affairs				
9.	Contact Phone:	781-744-3466	Extension:			
10.	Contact Email:	David.G.Spackman@lahey.org				
Description of Organization						
11.	<i>Briefly</i> describe your organization.					
	<p>Lahey Health System, Inc. ("Lahey Health"), a Massachusetts non-profit corporation, is the direct and indirect corporate parent of a number of operating subsidiaries which provide a full continuum of integrated health services in northeastern Massachusetts and southern New Hampshire. Lahey Health's primary subsidiaries include: (i) Lahey Hospital & Medical Center, an acute care hospital in Burlington, MA, and a satellite campus in Peabody, MA, and an outpatient center in Lexington, MA; (ii) Beverly Hospital, an acute care hospital in Beverly, MA, a satellite campus at Addison Gilbert Hospital in Gloucester, MA, an outpatient center in Danvers, MA, and BayRidge Hospital, an inpatient psychiatric hospital in Lynn, MA; (iii) Lahey Clinic, a physician group practice with offices in Burlington, Peabody and other locations throughout northeastern Massachusetts and southern New Hampshire, including more than 30 primary care physician practices; (iv) Lahey Health Senior Care, providing skilled nursing care at Seacoast Nursing and Rehabilitation Center and Ledgewood Rehabilitation and Skilled Nursing Center as well as home care, adult day health care, and private duty care; (v) Lahey Health Behavioral Services, providing outpatient and inpatient behavioral health care at a number of locations; (vi) Winchester Hospital, an acute care hospital in Winchester, MA, with licensed satellite facilities, including the Winchester Hospital Family Medical Center in Wilmington, MA, the Winchester Outpatient Center in Woburn, MA and the Winchester Hospital Imaging Center in Woburn, MA; and (vii) Winchester Physician Associates, Inc. which employs community practice physicians in the Winchester Hospital primary service area. The Lahey Clinical Performance Accountable Care Organization, LLC (the "Lahey ACO"), a Medicare Shared Savings Program ACO, is also a part of Lahey Health as is the Winchester Community ACO (the "Winchester ACO").</p>					
Type of Material Change						
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 checked="" 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	
13.	What is the proposed effective date of the proposed material change?	Immediately upon the receipt of necessary regulatory consents and approvals.
Material Change Narrative		
14.	<i>Briefly</i> describe the nature and objectives of the proposed material change:	
	<p>Pursuant to an Affiliation Agreement between Lahey Health and Visiting Nurse Association of Middlesex-East, Inc. ("VNAME"), a Massachusetts non-profit corporation operating a home health agency, hospice and hospice related services in Wakefield, MA, executed on July 1, 2014, Lahey Health will become: (i) the sole corporate member of VNAME; and (ii) the sole corporate parent of VNAME's affiliate, Community Care, Inc. (together, the "Affiliation").</p> <p>As more specifically described in Section 15 hereafter, the objective of the Affiliation is to rationalize and improve the quality and delivery of healthcare services from physician office to hospital and including home health and palliative care services, to residents of the VNAME and Lahey Health marketplaces at aggregate costs to the Commonwealth and its residents that will be materially lower than those currently supported by allowing for better population health management across the care continuum. Lahey Health and VNAME have a longstanding, collaborative relationship through Lahey Health's operating subsidiaries. Currently approximately 80% of VNAME's referrals originate from the Lahey Health system due to their overlapping service areas.</p>	
15.	<i>Briefly</i> describe the anticipated impact of the proposed material change:	
	<p>Following the consummation of the Affiliation, and consistent with the goals and objectives of Chapter 224 of the Acts of 2012, Lahey Health and VNAME will operate the post-closing business of VNAME in a collaborative decision-making manner, with the shared goals of: (i) maintaining and enhancing a comprehensive, patient-centered, integrated, and high-quality continuum of care for the communities of eastern Massachusetts; (ii) achieving cost savings from operational efficiencies and best demonstrated practices of both entities relating to coordinated home care, palliative care and hospice services; (iii) facilitate population health management necessary to succeed in the transition from fee-based reimbursement systems to population health management based payment systems and for the associated financial challenges; (v) assuring services are provided in appropriate settings, especially transitions from acute settings to home and at the end of life.</p> <p>The objective of assuring that services are provided in appropriate settings will be accomplished by (i) maximizing the use of high-quality home and palliative care services outside of the acute care setting, and (ii) reducing unnecessary admissions and readmissions to higher cost settings. This affiliation will further Lahey Health's goal to provide care in the most appropriate setting (highest quality, lowest cost, and convenient access) and will facilitate the provision of high quality, low cost care across the continuum.</p>	
Development of the Material Change		
16.	Describe any other material changes you anticipate making in the next 12 months:	
	<p>Lahey Health is currently engaged in preliminary discussions with other health care providers in the region regarding potential collaborations and affiliations; however, Lahey Health has not entered into definitive agreements or letters of intent as a result of these discussions and none of these potential collaborations or affiliations are anticipated to be completed within the next 12 months.</p>	

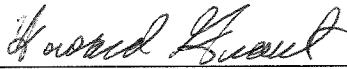
17.	Indicate the date and nature of any applications, forms, notices or other materials you have submitted regarding the proposed material change to any other state or federal agency:
	It is anticipated that VNAME will file for Suitability approval with the Massachusetts Department of Public Health, Division of Health Care Quality for the VNAME hospice.

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 24th day of JULY, 2014, under the pains and penalties of perjury.

Signature: 

Name: Howard R. Grant, J.D., M.D.

Title: President and CEO

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)