

NOTICE OF MATERIAL CHANGE

DATE OF NOTICE: May 1, 2015

1. Name: Quest Diagnostics Incorporated

	Federal TAX ID #	MA DPH Facility ID #	NPI #
2.	16-1387862		1194062448

CONTACT INFORMATION

3. Business Address 1: 3 Giralda Farms

4. Business Address 2:

5. City: Madison State: New Jersey Zip Code: 07940

6. Business Website: www.QuestDiagnostics.com

7. Contact First Name: Jing-Kai Contact Last Name: Syz

8. Title: Senior Corporate Counsel

9. Contact Phone: 973-520-2149 Extension:

10. Contact Email: jingkai.x.syz@questdiagnostics.com

DESCRIPTION OF ORGANIZATION

11. *Briefly* describe your organization.

Quest is the world's leading provider of diagnostic testing, information, and services for the needs of patients and doctors. Its services range from blood tests to complex gene-based and molecular testing. Additionally, its testing aids in diagnosing and detecting diseases, measuring the progress and recovery from a disease, and confirming that individuals are disease free.

Quest's clinical testing services in the United States are centered at approximately 2,000 patient locations, with a presence of approximately 100 locations in Massachusetts.

TYPE OF MATERIAL CHANGE

12. Check the box that most accurately describes the proposed Material Change involving a Provider or Provider Organization:

- A Merger or affiliation with, or Acquisition of or by, a Carrier;
- A Merger with or Acquisition of or by a Hospital or a hospital system;
- Any other Acquisition, Merger, or affiliation (such as a Corporate Affiliation, Contracting Affiliation, or employment of Health Care Professionals) of, by, or with another Provider, Providers (such as multiple Health Care Professionals from the same Provider or Provider Organization), or Provider Organization that would result in an increase in annual Net Patient Service Revenue of the Provider or Provider Organization of ten million dollars or more, or in the Provider or Provider Organization having a near-majority of market share in a given service or region;
- Any Clinical Affiliation between two or more Providers or Provider Organizations that each had annual Net Patient Service Revenue of \$25 million or more in the preceding fiscal year; provided that this shall not include a Clinical
- Affiliation solely for the purpose of collaborating on clinical trials or graduate medical education programs; and Any formation of a partnership, joint venture, accountable care organization, parent corporation, management services organization, or other organization created for administering contracts with Carriers or third-party administrators or current or future contracting on behalf of one or more Providers or Provider Organizations.

13. What is the proposed effective date of the proposed Material Change? July 1, 2015

MATERIAL CHANGE NARRATIVE

14. *Briefly* describe the nature and objectives of the proposed Material Change, including whether any changes in Health Care Services are anticipated in connection with the proposed Material Change:

UMass Memorial Medical Center (“UMass”) desires to purchase a minority (18.9%) interest in a Quest subsidiary, Quest Diagnostics Massachusetts LLC. This subsidiary holds substantially all of the physician and UMass hospital-based clinical diagnostics testing business of Quest in Massachusetts.

By acquiring this interest, UMass will have the right to nominate one of five directors on the management board of Quest Diagnostics Massachusetts LLC. The acquisition, however, will not otherwise alter the governance of the business or the way it is currently operated and managed. No personnel changes are expected from the acquisition and, in fact, this continuity of management and operations underlie UMass and Quest's desire for a seamless transaction. Service levels will not be affected and UMass' acquisition will be transparent to clients and customers from an operation perspective.

15. *Briefly* describe the anticipated impact of the proposed Material Change, including but not limited to any anticipated impact on reimbursement rates, care referral patterns, access to needed services, and/or quality of care:

UMass' acquisition of a minority interest will have no adverse impact on service offerings, service levels, or operations in Massachusetts. Nor would the acquisition, by itself, change Quest's market share or allow it to increase prices.

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:

No other applications, forms, notices, or other materials have been submitted to other state or federal agencies.

SUPPLEMENTAL MATERIALS

18. Submit the following materials, if applicable, under separate cover to HPC-Notice@state.ma.us.

The Health Policy Commission shall keep confidential all nonpublic information, as requested by the parties, in accordance with M.G.L. c. 6D, § 13(c), as amended by 2013 Mass. Acts, c. 38, § 20 (July 12, 2013).

- a. Copies of all current agreement(s) (with accompanying appendices and exhibits) governing the proposed Material Change (e.g., definitive agreements, affiliation agreements);
- b. A current organizational chart of your organization
- c. Any analytic support for your responses to Questions 14 and 15 above.

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