

## NOTICE OF MATERIAL CHANGE

Date of Notice: 5/7/2015

1.	Name:	South Shore Medical Center, Inc.
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2.	Federal TAX ID #	MA DPH Facility ID #	NPI #
	04-2297845		1669411856

Contact Information					
3.	Business Address 1:	143 Longwater Drive			
4.	Business Address 2:				
5.	City:	Norwell	State:	MA	Zip Code: 02061
5.	Business Website:	<a href="http://www.ssmcdcenter.com">www.ssmcdcenter.com</a>			
Description of Organization					
7.	Contact First Name:	Thomas	Contact Last Name:	Carroll	
8.	Title:	Chief Executive Officer			
9.	Contact Phone:	781-261-4785	Extension:		
10.	Contact Email:	<a href="mailto:tcarroll@ssmedcenter.com">tcarroll@ssmedcenter.com</a>			

Description of Organization	
11.	<i>Briefly describe your organization.</i>
	<p>South Shore Medical Center, Inc. ("SSMC") is a not-for-profit, tax exempt primary care-driven, multispecialty provider comprised of thirty-seven (37) primary care physicians, thirty-five (35) specialists and twenty-eight (28) advanced practice clinicians ("APCs"). SSMC's principal office is located at 143 Longwater Drive, Norwell, MA 02061, with additional patient care locations at 5 Tarkiln Road, Kingston, MA 02364, and 51 Performance Drive, Weymouth, MA 02189. SSMC has provided medical care to the Southeastern Massachusetts community for 53 years with a rich history throughout that time of delivering quality medical services in a manner reflecting innovation and efficiencies. Until January 1, 2015, SSMC was a participating organization of Atrius Health, Inc. ("Atrius").</p>

Type of Material Change	
12.	Check the box that most accurately describes the proposed Material Change involving a Provider or Provider Organization:
	<p>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;  <input checked="" type="checkbox"/> 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.</p>

13.	What is the proposed effective date of the proposed Material Change?	The proposed effective date of the proposed material change will be as soon as practicable following completion of the Health Policy Commission review process and any associated waiting period.
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<b>Material Change Narrative</b>	
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14.	<p><i>Briefly describe the nature and objectives of the proposed Material Change:</i></p> <p>SSMC proposes to consolidate with Coastal Medical Associates, Inc., d/b/a South Shore Physician Ambulatory Enterprise (“SSPAE”), which is a not-for-profit, tax-exempt affiliate of South Shore Health and Educational Corporation (“SSHEC”), the not-for-profit, tax-exempt parent corporation of South Shore Hospital (“SSH”). (SSHEC and its affiliates are hereinafter referred to collectively as the “South Shore System” or the “System”). SSPAE has been organized to employ or otherwise engage physicians, APCs, ambulatory, and home care service providers to focus on the redesign of health care services across the continuum for improved quality, efficiency and affordability.</p> <p>SSMC anticipates entering into an agreement with SSHEC and SSPAE , under which SSMC will consolidate with SSPAE, and become the primary care and ambulatory foundation of SSPAE, providing additional managerial leadership, physician leadership and infrastructure to support the development and operation of SSPAE in furtherance of its mission to effectuate population health management on the South Shore (the “Transaction”). The Transaction will be structured as a membership substitution process, under which SSPAE would become the sole corporate member of SSMC and substantially all of the employees, assets and operations of SSMC would be transferred to SSPAE. SSMC’s merger with the South Shore System will assure that SSMC continues to have access to the resources and capital required to sustain its capacity to meet patient care needs into the future, but there is no purchase price or merger consideration being paid by SSHEC/SSPAE in connection with the Transaction.</p> <p>The principal objective of the Transaction is to advance the development of a model of care in the community that is more coordinated, efficient and affordable. Under legislative initiatives such as the Patient Protection and Affordable Care Act and Chapter 224 of the Acts and Resolves of 2012, demands of the Group Insurance Commission for products and performance addressing quality and affordability, announcements of payers that quality and risk provisions of their agreements will be expanded across product lines, expectations of employers, as well as overall shifts in the marketplace, physicians and hospitals are being asked to assume greater accountability for the health and wellness of people they serve including those with complex physical and behavioral health conditions. No medical practice or hospital can do this alone; health care providers on the South Shore and across the Commonwealth have joined health systems to achieve these aims. The proposed Transaction will make it possible for the parties to coordinate and improve how patient care is provided in the community, in hospitals and in homes in ways that cannot be achieved if the parties remain independent organizations. Additionally, SSMC’s consolidation with the South Shore System will assure that SSMC continues to have access to the resources and capital required to sustain its capacity to meet the broad array of patient care needs into the future.</p>
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15.	<p><i>Briefly describe the anticipated impact of the proposed Material Change:</i></p>
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Impact on quality: The Transaction is anticipated to improve the quality of health care services for SSMC's and the System's patients in Southeastern Massachusetts by coordinating care across their collective continuum of health care services. These services include primary care, urgent care, specialty care, in-patient and out-patient care, emergency care, behavioral health care, and visiting nurse/home health care. It is contemplated that physician and administrative leaders from SSMC, with their decades of experience in managing care with high levels of patient satisfaction will step into key governance and executive roles within the South Shore System to shape and guide the future of patient care delivery. It also is envisioned that, immediately following the Transaction, SSMC will continue to deliver its current services in its current locations with its current employees.

Patient care experience will be improved in the following ways:

- Delivering care that is better coordinated and organized
- Helping those with chronic health conditions avoid hospitalizations and emergency department visits
- Avoiding unnecessary duplication of tests, exams and procedures
- Expanding access to care at times and locations that are more convenient

Impact on cost: The Transaction is designed to position the South Shore System to be able to slow the rate of health care cost increases through improved coordination and delivery of care. The Transaction is not anticipated to have any adverse effect on health care costs/prices or on the market for physician services in any relevant service area or result in an increase in the cost of care provided or prices charged by SSMC. Until December 31, 2014, SSMC contracted with payers through Atrius. Commencing January 1, 2015, SSMC negotiated payer contracts directly with each of the major health plans in Massachusetts. In conjunction with the assumption of risk under those agreements, SSMC was certified by the Massachusetts Division of Insurance as a Risk Bearing Provider Organization. Those payer contracts will survive the Transaction and remain in effect until they expire. It is contemplated that when SSMC's payer contracts expire, any successor payer contracts will be negotiated by or through the South Shore System.

SSMC physicians are all on the medical staff of SSH, which is their primary referral hospital for non-tertiary/non-quaternary services. Such primary referral patterns of SSMC physicians would not change as a result of the Transaction. Terms of the Transaction will leave SSMC physicians free to continue to refer to any facility of their or their patient's choice that is best suited to the patient's needs. There is no change to any SSMC physician office service currently contemplated that would shift such service to a higher cost site of service.

Impact on market: SSPAE does not currently employ any primary care physicians, and thus has zero market concentration in this important service category. Other hospitals and health systems that provide care to people living on the South Shore already employ community-based primary care physicians and/or contract with payers on their behalf. Examples include Harbor Medical Associates (approximately 27 PCPs) recently acquired by the Brigham & Women's Physician Organization; Healthcare South, P.C. (approximately 25 PCPs) which is affiliated with New England Quality Care Alliance, itself an affiliate of Tufts Medical Center; PMG Physician Associates, P.C. (approximately 31 PCPs) which joined Beth Israel Deaconess Care Organization as a participating provider; Compass Medical P.C. (approximately 46 PCPs) and Manet Community Health Center (approximately 14 PCPs) both part of the Steward Health Care System network; Tufts Medical Center, with an affiliated primary care practice in Quincy (approximately 7 PCPs); and Atrius Health, Inc. which owns Granite Medical Group, Inc. (approximately 12 PCPs), and the Braintree and Quincy offices of Harvard Vanguard Medical Associates, Inc. (approximately 25 PCPs). There are also other community based primary care groups and solo practitioners practicing in the System's service area. As such, primary care physician services are unconcentrated, fragmented, and highly competitive in the service area. The Transaction will only add to that competition and will be pro-competitive.

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:
	None

\*Print this page, sign, notarize, and submit as a PDF separately from the writable portion (p. 4-6) of the Notice of Material Change form. This signed and notarized Affidavit of Truthfulness and Proper Submission is required for a complete submission.

**Affidavit of Truthfulness and Proper Submission**

I, the undersigned, certify that:

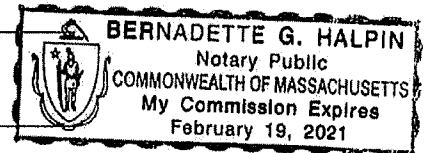
1. I have read 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews.
2. I have read this Notice of Material Change and the information contained therein is accurate and true.
3. I have submitted the required copies of this Notice to the Health Policy Commission, the Office of the Attorney General, and the Center for Health Information and Analysis as required.

Signed on the 7<sup>th</sup> day of May, 2015, under the pains and penalties of perjury.

Signature: Thomas E. Carroll Jr.

Name: Thomas E. Carroll Jr.

Title: Chief Executive Officer



FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:

Bernadette G. Halpin  
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)