

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

**Health Policy Commission
50 Milk Street
8th Floor
Boston, MA 02109**



NOTICE OF MATERIAL CHANGE

DATE OF NOTICE: May 5, 2015

1. Name: Coastal Medical Associates, Inc., d/b/a South Shore Physician Ambulatory Enterprise

	Federal TAX ID #	MA DPH Facility ID #	NPI #
2.	04-3170333	Not applicable	1932175684

CONTACT INFORMATION

3. Business Address 1: 55 Fogg Road

4. Business Address 2:

5. City: South Weymouth State: MA Zip Code: 02190

6. Business Website: www.southshorehospital.org

7. Contact First Name: Richard H. Contact Last Name: Aubut

8. Title: Chief Executive Officer

9. Contact Phone: (781) 624-8000 Extension:

10. Contact Email: rha@sshosp.org

DESCRIPTION OF ORGANIZATION

11. Briefly describe your organization.

Coastal Medical Associates, Inc., d/b/a South Shore Physician Ambulatory Enterprise ("SSPAE"), 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 was organized in July of 2013 to employ or otherwise engage physicians, advanced practice clinicians ("APCs"), ambulatory and home health care service providers to focus on the redesign of health care services across the continuum for improved quality, efficiency and affordability. SSPAE has been established to support SSHEC and its affiliates in meeting the aims of state and federal health care reforms that require health care providers to improve the patient experience of care, while reducing the rate of cost growth. SSPAE is led by a physician Board Chair and governed by up to a 15-member Board of Directors.

SSPAE is an early stage organization with a limited operating infrastructure. SSPAE employs approximately 200 Hospital-based emergency physicians, hospitalists, APCs and support staff who were historically employed by SSH or other System affiliates. SSPAE currently does not employ any community-based primary care physicians. SSPAE generates less than \$25 million in net patient service revenue.

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? As soon as practicable following completion of the Health Policy Commission review process and any associated waiting period.

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:

SSPAE proposes to consolidate with South Shore Medical Center, Inc. ("*SSMC*"). SSMC is a not-for-profit, tax exempt, independent multi-specialty medical group comprised of thirty-seven (37) primary care physicians, thirty-five (35) specialists and twenty-eight (28) 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 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. There is no purchase price being paid by SSHEC/SSPAE in connection with the Transaction.

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. SSMC's proposed consolidation with SSPAE will advance SSPAE as a patient-centered, physician-led, professionally managed, multi-specialty practice with a strong primary care component, consistent with the so-called "triple aim" of healthcare. 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.

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:

Impact on quality: The Transaction is anticipated to improve the quality of health care services by coordinating care across the continuum of health care services. It is contemplated that physician and administrative leaders from SSMC 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. SSMC has recently negotiated payer contracts with each of the major health plans in Massachusetts. 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. The Transaction will leave SSMC physicians free 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, P.C. (approximately 27 PCPs), which was recently acquired by the Brigham & Women’s Physician Organization, Inc.; Healthcare South, P.C. (approximately 7 PCPs), which is affiliated with New England Quality Care Alliance (“*NEQCA*”), itself an affiliate of Tufts Medical Center; PMG Physician Associates, P.C. (“*PMG*”) (approximately 21 PCPs), which has joined Beth Israel Deaconess Care Organization (“*BIDCO*”) as a participating provider; Compass Medical, P.C. (approximately 46 PCPs) and Manet Community Health Center, Incorporated (approximately 14 PCPs), both part of Steward Health Care System LLC (“*Steward*”); Beth Israel Deaconess Medical Center (“*BIDMC*”), with which Beth Israel Deaconess Plymouth (approximately 38 PCPs) and Beth Israel Deaconess Milton (approximately 46 PCPs) are affiliated; 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 14 PCPs), and the Braintree and Quincy offices of Harvard Vanguard Medical Associates, Inc. (approximately 13 and 8 PCPs, respectively). There are also other community based primary care groups and solo practitioners practicing in the System’s service area. As such, 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.

The cost and market impact of the Transaction will not be any different than the other practice acquisitions and affiliations that have only been subject to a preliminary CMIR by the Health Policy Commission, without a second level, full review (see e.g., the above referenced practice acquisitions by Steward and NEQCA in Southeastern, MA, as well as acquisition of Hawthorn Medical Associates, LLC by Steward; acquisition of Commonwealth Hematology-Oncology, P.C., by Dana Farber Cancer Institute; employment of Pentucket Medical Associates, LLC, physicians by Partners Community HealthCare, Inc.; affiliation of Signature Healthcare Corporation with BIDMC; affiliation of Jordan Hospital, PMG, and Cambridge Health Alliance with BIDCO; and merger of Reliant Medical Group, Inc., and Southboro Medical Group, Inc.).

DEVELOPMENT OF THE MATERIAL CHANGE

16. *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:

SSPAE does not presently anticipate any other material changes within the next twelve months.

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

None

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.

[Remainder of this page intentionally left blank]


Print this page, sign, notarize, and submit as a .PDF separately from the writable portion (p. 4-5) 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.

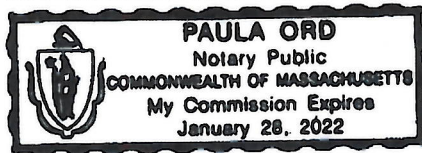
Signed on the 5th day of May, 2015, under the pains and penalties of perjury.


Signature: 

Name: Richard H. Aubut

Title: Chief Executive Officer

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)