

NOTICE OF MATERIAL CHANGE

Date of Notice: August 12, 2016

1.	Name:	Hallmark Health Corporation			
2.	Federal TAX ID #	MA DPH Facility ID #	NPI #		
	04-2103587				
Contact Information					
3.	Business Address 1:	170 Governors Avenue			
4.	Business Address 2:				
5.	City:	Medford	State:	MA	Zip Code: 02155
6.	Business Website:	www.hallmarkhealth.org			
7.	Contact First Name:	Charles	Contact Last Name:	Whipple	
8.	Title:	Executive Vice President & Chief Legal Officer			
9.	Contact Phone:	781-979-3050	Extension:		
10.	Contact Email:	CWhipple@hallmarkhealth.org			
Description of Organization					
11.	<i>Briefly</i> describe your organization.				
	Hallmark Health Corporation is the parent organization of Hallmark Health System, Inc. (“HHS”), which is a licensed hospital with two (2) campuses known as Melrose-Wakefield Hospital and Lawrence Memorial Hospital of Medford. In addition, HHS operates a number of satellite locations in its surrounding communities north of Boston.				
Type of Material Change					
12.	Check the box that most accurately describes the proposed material change:				
	<input type="checkbox"/> A Merger or affiliation with, or Acquisition of or by, a Carrier <input checked="" type="checkbox"/> A Merger with or Acquisition of or by a Hospital or a hospital system <input 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; <input type="checkbox"/> 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 <input type="checkbox"/> 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?	Promptly 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, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of Health Care Services) and whether any changes in Health Care Services are anticipated in connection with the proposed Material Change:				

	<p>The proposed material change involves the affiliation of Hallmark Health Corporation (“Hallmark Health”) with Wellforce Inc. (“Wellforce”), pursuant to which Wellforce will become the sole corporate member of Hallmark Health. Wellforce will then serve as the “ultimate parent” entity for the Hallmark Health, Circle Health and Tufts MC systems. The material change will allow a close and effective coordination among the three Wellforce constituents, based on the principle of equal participants in the combined system, to enhance the quality and lower the overall cost of the care they provide to their communities through:</p> <ul style="list-style-type: none"> • Operational efficiencies; • Population health initiatives; • Effective integration of care across a broad continuum of services from primary to quaternary care throughout a wide geographic area; • Building on the efforts already undertaken between Circle Health and Tufts MC under Wellforce, fostering closer clinical collaborations between academic and community providers, furthering the redirection of care to more efficient settings, including tertiary and quaternary care, and the retention of more complex cases in the community; and • Promoting the academic mission of Tufts MC through enhanced and expanded clinical training opportunities in both academic and community environments. <p>Each of the constituents will retain significant autonomy subject to the reserve powers that will be vested in Wellforce. No consideration is being paid for the transaction. However, Wellforce does contemplate undertaking a financing that would allow investment in capital projects for Hallmark Health. Wellforce is committed to keeping the current health care services provided by Hallmark Health in the local communities, and, through clinical collaborations and investment in capital projects, anticipates supporting and further enhancing those services, including behavioral health services.</p>
15.	<p><i>Briefly</i> 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:</p>
	<p>Hallmark Health’s affiliation with Wellforce will further strengthen the goals initially set out by Wellforce (described below) and shared by Hallmark Health, and stabilize and strengthen Hallmark Health following a period of uncertainty as to its future direction. By increasing Wellforce’s scale, the affiliation will further Wellforce’s efforts to:</p> <ul style="list-style-type: none"> • Enhance the delivery of patient-centered care; • Improve access to high quality, clinically-integrated healthcare services for patients throughout a broad geographic community; • Implement a common, coordinated approach across the constituent systems to population health management; • Promote innovation in care management models, disseminate best practices, shared infrastructure and information systems; • Facilitate care delivery planning to ensure that services are provided in the most efficient setting, with incentives for close collaboration among physicians, facilities and other health care providers; and • Foster effective clinical integration across the continuum of care, including the implementation of risk-sharing strategies and the achievement of high performance outcomes. <p>Through Wellforce, the constituent systems will continue implementing a common set of responsibilities that maintains their respective autonomy while proactively promoting a collaborative and comprehensive future-looking strategic vision that reshapes how health care is provided.</p> <p>In addition, Hallmark Health PHO, Inc. (“HHPHO”), including the Hallmark Health hospital, will begin undertaking payer contracting through an affiliation with the New England Quality Care Alliance, Inc. (“NEQCA”), an affiliate of Tufts MC (which is described in more detail in Notices of Material Changes those parties are filing). The HHPHO/NEQCA affiliation is expected to have a positive effect on total medical expenditures associated with Hallmark Health. To the extent that Hallmark Health does not provide certain tertiary services locally, it is expected that patients of Hallmark Health PHO physicians are likely to receive those services at Tufts Medical Center, a low cost/high quality academic medical center, and that they are likely to receive quaternary services there as well.</p>
<p>Development of the Material Change</p>	
16.	<p>Describe any other material changes you anticipate making in the next 12 months:</p>
	<p>Please note HHPHO/NEQCA described in Section 15 and refer to Notices of Material Change to be filed in connection therewith.</p>
17.	<p>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:</p>
	<p>Hallmark Health will make required filings with the Department of Public Health, including applications for Determination of Need and suitability approval. It is expected that a notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, will be made to the federal antitrust agencies.</p>