

NOTICE OF MATERIAL CHANGE

DATE OF NOTICE: 02-01-17

1. Name: Atrius Health, Inc.

	Federal TAX ID #	MA DPH Facility ID #	NPI #
2.	04-3397450	n/a	n/a

CONTACT INFORMATION

3. Business Address 1: 275 Grove Street

4. Business Address 2: Suite 3-300

5. City: Newton State: MA Zip Code: 02466

6. Business Website: atriushealth.org

7. Contact First Name: Rachel Contact Last Name: Rosenblum

8. Title: Vice President of Business Development

9. Contact Phone: 617-559-8419 Extension:

10. Contact Email: rachel_rosenblum@atriushealth.org

DESCRIPTION OF ORGANIZATION

11. Briefly describe your organization.

Atrius Health, Inc. is a Massachusetts non-profit corporation which operates over 25 multi-specialty medical practices and offers home health and hospice care through its VNA Care subsidiary. Atrius Health coordinates care for approximately 675,000 patients across its practices as well as its preferred hospital, skilled nursing facility, and specialty care providers. Atrius Health has approximately 6,800 employees, including 875 employed and contracted physicians. Atrius Health is a participant in the Next Generation Accountable Care Organization ("ACO"); the successor to the Pioneer Accountable Care Organization sponsored by CMS.

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? June 1, 2017

MATERIAL CHANGE NARRATIVE

14. *Briefly* 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:

Atrius Health has entered into definitive agreements to acquire select assets of PMG Physician Associates (PMG) and employ 19 physicians, 11 advanced practice clinicians, and many of its other 134 employees. As Atrius Health employees, the physicians and other personnel will receive salaries and benefits from Atrius Health. Atrius Health will assume many of PMG's leases and contracts. Atrius Health will also pay PMG a defined dollar amount for certain assets and transition costs.

This transaction will enable Atrius Health to offer its high-quality, patient-centered, coordinated care model to PMG's approximately 30,000 patients. Atrius Health will extend its presence further south into Plymouth County and the Cape where it does not currently have any providers or services. With approximately 19,000 existing Atrius Health patients currently residing in Plymouth County, the addition of PMG locations will enable Atrius Health to provide access to its services to existing patients in their local communities.

PMG will not be filing a Notice of Material Change as it does not meet any of "types of proposed changes" set forth in 958 CMR 7.02, definition of Material Change.

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:

Because of its long history of accepting full financial risk, Atrius Health has established robust infrastructure to enable it to manage patient care across all settings while reducing the total cost of care for its patients. The addition of PMG providers and patients to Atrius Health will enable us to make more efficient use of our infrastructure – spreading its costs over a larger patient population.

This transaction is expected to have a meaningful positive impact on access and quality of care. Atrius Health's population health infrastructure includes nurse case managers, social workers, population managers, clinical pharmacists, and many other sophisticated clinical and administrative professionals. PMG will make use of our overnight and weekend phone service staffed with nurses who triage and manage care connected to the patients' electronic medical record. We have a highly automated central lab that will incorporate PMG.

When patients require hospital-based care, Atrius Health will coordinate care with its local strategic hospital partner; Beth Israel Deaconess Hospital-Plymouth (which is also PMG's current preferred hospital provider). Atrius Health will identify local preferred SNFs where we offer on-site clinician services to reduce length of stay and cost of care. Atrius Health's VNA Care home health care services will enable patients to come home from the hospital sooner, avoid stays in health care facilities, and/or learn to manage newly diagnosed illnesses or diseases. For home-bound patients of PMG, Atrius Health will deploy nurse practitioners from our Intensive Home-Based program. This program also case manages dialysis patients to avoid unnecessary hospitalizations.

As an innovative, multi-specialty, physician-led, healthcare system with a vision of transforming care to improve lives, Atrius Health believes that our commitment to population health management and innovation will assure a vibrant future for those patients receiving care in the greater Plymouth and Cape areas. Finally, we would refer you to the Health Policy Commission analysis of the Center for Health Information and Analysis 2016 Annual Report TME Databook. That analysis demonstrates that Atrius Health has lowered its health-status adjusted total medical expenditures on a per member per month basis to be comparable to BIDCO; PMG's current network partner. Thus, we do not anticipate any significant change in total medical expenses as a result of this transaction.

DEVELOPMENT OF THE MATERIAL CHANGE

16. Describe any other Material Changes you anticipate making in the next 12 months:

Atrius Health is constantly in discussions with our preferred hospital partners to improve or create strategic affiliation agreements to enhance the quality of care provided to our shared patients through better care coordination and specific programs and initiatives aimed at improving clinical and functional outcomes while managing total medical expenditures.

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 such documents are required to be submitted related to the proposed Material Change.

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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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.

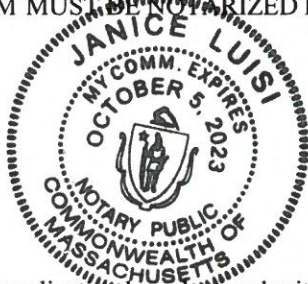
Signed on the 1st day of February, 2017, under the pains and penalties of perjury.

Signature: Rachel Rosenblum

Name: Rachel Rosenblum

Title: Vice President of Business Development

FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:



[Signature]
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)