



MASSACHUSETTS
HEALTH POLICY COMMISSION

NOTICE OF MATERIAL CHANGE FORM

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

GENERAL INSTRUCTIONS

The attached form should be used by a Provider or Provider Organization to provide a Notice of Material Change (“Notice”) to the Health Policy Commission (“Commission”), as required under M.G.L. c. 6D, § 13 and 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews. To complete the Notice, it is necessary to read and comply with 958 CMR 7.00, a copy of which may be obtained on the Commission’s website at www.mass.gov/hpc. Capitalized terms in this Notice are defined in 958 CMR 7.02. Additional sub-regulatory guidance may be available on the Commission’s website (e.g., Technical Bulletins, FAQs). For further assistance, please contact the Health Policy Commission at HPC-Notice@state.ma.us. This form is subject to statutory and regulatory changes that may take place from time to time.

REQUIREMENT TO FILE

This Notice must be submitted by any Provider or Provider Organization with \$25 million or more in Net Patient Service Revenue in the preceding fiscal year that is proposing a Material Change, as defined in 958 CMR 7.02. Notice must be filed with the Commission not fewer than 60 days before the consummation or closing of the transaction (i.e., the proposed effective date of the proposed Material Change).

SUBMISSION OF NOTICE

One electronic copy of the Notice, in a portable document form (pdf), should be submitted to the following:

Health Policy Commission HPC-Notice@state.ma.us;

Office of the Attorney General HCD-6D-NOTICE@state.ma.us;

Center for Health Information and Analysis CHIA-Legal@state.ma.us

PRELIMINARY REVIEW AND NOTICE OF COST AND MARKET IMPACT REVIEW

If the Commission considers the Notice to be incomplete, or if the Commission requires clarification of any information to make its determination, the Commission may, within 30 days of receipt of the Notice, notify the Provider or Provider Organization of the information or clarification necessary to complete the Notice.

The Commission will inform each notifying Provider or Provider Organization of any determination to initiate a Cost and Market Impact Review within 30 days of its receipt of a completed Notice and all required information, or by a later date as may be set by mutual agreement of the Provider or Provider Organization and the Commission.

CONFIDENTIALITY

Information on this Notice form itself shall be a public record and will be posted on the Commission’s website. Pursuant to 958 CMR 7.09, the Commission shall keep confidential all nonpublic information and documents obtained in connection with a Notice of Material Change and shall not disclose the information or documents to any person without the consent of the Provider or Payer that produced the information or documents, except in a Preliminary Report or Final Report of a Cost and Market Impact Review if the Commission believes that such disclosure should be made in the public interest after taking into account any privacy, trade secret or anti-competitive considerations. The confidential information and documents shall not be public records and shall be exempt from disclosure under M.G.L. c. 4, § 7 cl. 26 or M.G.L. c. 66, § 10.

NOTICE OF MATERIAL CHANGE

DATE OF NOTICE: June 14, 2018

1. Name: Partners HealthCare System, Inc.

	Federal TAX ID #	MA DPH Facility ID #	NPI #
2.	04-3230035	N/A	N/A

CONTACT INFORMATION

3. Business Address 1: 800 Boylston Street

4. Business Address 2: Suite 1150

5. City: Boston

State: MA

Zip Code: 02199

6. Business Website: www.partners.org

7. Contact First Name: Laura

Contact Last Name: Peabody

8. Title: Chief Legal Officer and General Counsel

9. Contact Phone: 617-278-1065

Extension:

10. Contact Email: lpeabody@partners.org

DESCRIPTION OF ORGANIZATION

11. Briefly describe your organization.

Partners HealthCare System, Inc. ("Partners") is the parent organization of an integrated healthcare system founded by Massachusetts General Hospital and Brigham and Women's Hospital. Partners' wholly controlled affiliate, Partners Community Physicians Organization, Inc. ("PCPO"), operates a clinically integrated system for the delivery of health care services to patients through a network of integrated and affiliated providers in order to provide efficient, cost-effective and high quality medical care.

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? Following completion of HPC review.

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:

See Attachment.

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:

See Attachment.

DEVELOPMENT OF THE MATERIAL CHANGE

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

Partners has entered into a definitive agreement with Care New England Health System of Providence, Rhode Island ("CNE") regarding CNE joining the Partners system. Partners will submit a Notice of Material Change to the Health Policy Commission with respect to the planned affiliation.

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.

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]

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 13th day of June, 2018, under the pains and penalties of perjury.

Signature: *Laura S Peabody*

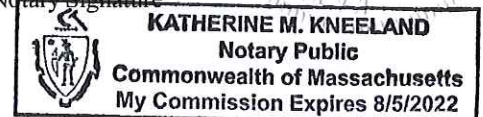
Name: Laura S Peabody

Title: Chief Legal officer

FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:

Katherine M. Kneeland

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)

EXPLANATIONS AND DEFINITIONS

1.	Name	Legal business name as reported with Internal Revenue Service. This may be the parent organization or local Provider Organization name.
2.	Federal TAX ID #	9-digit federal tax identification number also known as an employer identification number (EIN) assigned by the internal revenue service.
	MA DPH Facility ID #	If applicable, Massachusetts Department of Public Health Facility Identification Number.
	National Provider Identification Number (NPI)	10-digit National Provider identification number issued by the Centers for Medicare and Medicaid Services (CMS). This element pertains to the organization or entity directly providing service.
3.	Business Address 1	Address location/site of applicant
4.	Business Address 2	Address location/site of applicant continued often used to capture suite number, etc.
5.	City, State, Zip Code	Indicate the City, State, and Zip Code for the Provider Organization as defined by the US Postal Service.
6.	Business Website	Business website URL
7.	Contact Last Name, First Name	Last name and first name of the primary administrator completing the registration form.
8.	Title:	Professional title of the administrator completing the registration form.
9.	Contact Telephone and Extension	10-digit telephone number and telephone extension (if applicable) for administrator completing the registration form
10.	Contact Email	Contact email for administrator
11.	Description of Organization	Provide a brief description of the notifying organization's ownership, governance, and operational structure, including but not limited to Provider type (acute Hospital, physician group, skilled nursing facilities, independent practice organization, etc.), number of licensed beds, ownership type (corporation, partnership, limited liability corporation, etc.), service lines and service area(s).
		Indicate the nature of the proposed Material Change.
12.	Type of Material Change	<p><i>Definitions of terms:</i></p> <p>"Carrier", an insurer licensed or otherwise authorized to transact accident or health insurance under M.G.L. c. 175; a nonprofit Hospital service corporation organized under M.G.L. c. 176A; a nonprofit medical service corporation organized under M.G.L. c. 176B; a health maintenance organization organized under M.G.L. c. 176G; and an organization entering into a preferred provider arrangement under M.G.L. c. 176I; provided, that this shall not include an employer purchasing coverage or acting on behalf of its employees or the employees of one or more subsidiaries or affiliated corporations of the employer; provided that, unless otherwise noted, the term "Carrier" shall not include any entity to the extent it offers a policy, certificate or contract that provides coverage solely for dental care services or visions care services.</p>

“Hospital”, any hospital licensed under section 51 of chapter 111, the teaching hospital of the University of Massachusetts Medical School and any psychiatric facility licensed under section 19 of chapter 19.

“Net Patient Service Revenue”, the total revenue received for patient care from any third party Payer net of any contractual adjustments. For Hospitals, Net Patient Service Revenue should be as reported to the Center under M.G.L. c. 12C, § 8. For other Providers or Provider Organizations, Net Patient Service Revenue shall include the total revenue received for patient care from any third Party payer net of any contractual adjustments, including: (1) prior year third party settlements; and (2) premium revenue, which means per-member-per-month amounts received from a third party Payer to provide comprehensive Health Care Services for that period, for all Providers represented by the Provider or Provider Organization in contracting with Carriers, for all Providers represented by the Provider or Provider Organization in contracting with third party Payers..

“Provider”, any person, corporation, partnership, governmental unit, state institution or any other entity qualified under the laws of the Commonwealth to perform or provide Health Care Services.

“Provider Organization”, any corporation, partnership, business trust, association or organized group of persons, which is in the business of health care delivery or management, whether incorporated or not that represents one or more health care Providers in contracting with Carriers or third-party administrators for the payments of Health Care Services; provided, that a Provider Organization shall include, but not be limited to, physician organizations, physician-hospital organizations, independent practice associations, Provider networks, accountable care organizations and any other organization that contracts with Carriers for payment for Health Care Services.

13.	Proposed Effective Date of the Proposed Material Change	Indicate the effective date of the proposed Material Change. NOTE: The effective date may not be fewer than 60 days from the date of the filing of the Notice.
<hr/>		
14.	Description of the Proposed Material Change	Provide a brief narrative describing 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). Include organizational charts and other supporting materials as necessary to illustrate the proposed change in ownership, governance, or operational structure.
<hr/>		
15.	Impact of the Proposed Material Change	Provide a brief description of any analysis conducted by the notifying organization as to the anticipated impact of the proposed Material Change including, but not limited to, the following factors, as applicable: <ul style="list-style-type: none">• Costs• Prices, including prices of the Provider or Provider Organization involved in the proposed Merger, Acquisition, affiliation or other proposed Material Change• Utilization• Health Status Adjusted Total Medical Expenses• Market Share• Referral Patterns• Payer Mix• Service Area(s)• Service Line(s)• Service Mix

16. Future Planned Material Changes Provide a brief description of the nature, scope and dates of any pending or planned Material Changes, occurring between the notifying organization and any other entity, within the 12 months following the date of the notice.

17. Submission to Other State or Federal Agencies Indicate the date and nature of any other applications, forms, notices or other materials provided to other state or federal agencies relative to the proposed Material Change, including but not limited to the Department of Public Health (e.g., Determination of Need Application, Notice of Intent to Acquire, Change in Licensure), Massachusetts Attorney General (e.g., notice pursuant to G.L. c. 180, §8A(c)), U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application) and Federal Trade Commission/Department of Justice (e.g., Notification and Report Form pursuant to 15 U.S.C. sec. 18a).

ATTACHMENT TO NOTICE OF MATERIAL CHANGE FORM

PARTNERS HEALTHCARE SYSTEM, INC.

Question #14

Briefly describe the nature and objectives of the 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:

Background and Nature of the Material Change

Pursuant to an Affiliation Agreement dated as of May 1, 2018 and attached as Exhibit A, Partners Community Physicians Organization, Inc. ("PCPO") plans to enter into a Contracting Affiliation with Cooley Dickinson Physician Hospital Organization, Inc. ("CDPHO") under which CDPHO would join PCPO's network of providers and participate in PCPO commercial payer risk contracts.

CDPHO is a physician hospital organization whose members are Cooley Dickinson Hospital, Inc. ("CDH") and approximately 266 physicians who serve on the medical staff of CDH. Approximately 117 of CDPHO's physician members are employed by CD Practice Associates, Inc. d/b/a Cooley Dickinson Medical Group ("CDPA"). Both CDH and CDPA are wholly controlled Corporate Affiliates of Partners HealthCare System, Inc. ("Partners").¹ The remaining approximately 149 CDPHO physician members are in private practice or are employed or leased by other health systems ("CDPHO Affiliated Physicians"). Of the 149 CDPHO Affiliated Physicians, approximately 33 physicians are employed or leased by another health system and are expected to opt out of participating in contracts established by PCPO pursuant to the Affiliation Agreement.

CDH and CDPA currently participate in Partners' Next Generation (Medicare) ACO contract along with other PCPO / Partners network providers. In addition, CDH, CDPA and substantially all of the CDPHO Affiliated Physicians, currently participate in Partners' MassHealth ACO contract along with other PCPO / Partners network providers. However, heretofore, neither Partners nor PCPO has established commercial payer contracts on behalf of CDPHO providers. As Corporate Affiliates of Partners, Partners has authority to enter into payer contracts on behalf of CDH and CDPA. PCPO and CDPHO plan to enter into a Contracting Affiliation in order to grant PCPO the authority to enter into commercial payer risk contracts on behalf of the CDPHO Affiliated Physicians.

Objectives of the Material Change

The objectives of the Contracting Affiliation are to provide efficient, cost-effective and high quality medical care to CDPHO patients through a network of clinically integrated providers sharing risk under commercial payer risk contracts. PCPO and Partners will extend their robust population health

¹ CDH, CDPA, and their parent corporation Cooley Dickinson Health Care Corporation ("CDHCC") have been wholly controlled Corporate Affiliates of Partners (and Corporate Affiliates of PCPO) since 2013. The structure of the corporate relationships amongst Partners, PCPO, CDHCC, CDH, CDPA and CDPHO are reflected on the partial corporate organizational chart attached as Exhibit B hereto. Complete organizational charts depicting these entities in the context of the complete Partners system are on file with the Health Policy Commission as part of Partners' Registration of Provider Organizations filing.

management programs and expertise to CDPHO to help improve patient care across their population of covered lives. The inclusion of the CDPHO providers in the PCPO / Partners network will spread payer contract risk across a larger patient population, thereby enabling CDPHO to participate more broadly in commercial payer risk arrangements. In particular, through the Contracting Affiliation, CDPHO would be able to participate in risk arrangements with two payers with which CDPHO does not currently have risk contracts and CDPHO would be able to participate in a more expansive risk arrangement with a third payer.

The Contracting Affiliation will include intra-network financial arrangements related to managed care contracts, population health management and infrastructure funding, including incentives and penalties related to achievement of performance goals, and distribution of withholds, incentive payments and other payer-funded or internally generated funds. The Contracting Affiliation will not involve an exchange of funds between PCPO and CDPHO in the nature of discounts, rebates or refunds.

The parties do not anticipate any changes in Health Care Services as a result of the proposed Material Change.

Question #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:

As noted above, one of the objectives of the Contracting Affiliation is to enable CDPHO providers to participate more broadly in commercial payer risk contracts. As rates under such contracts must be negotiated with the commercial payers, however, there can be no assurance, and PCPO has given CDPHO no guarantee, with respect to the rates that CDPHO providers will receive in future contract negotiations.

CDPHO providers (including CDH, CDPA and CDPHO Affiliated Physicians) have existing clinical relationships with both Partners and non-Partners providers. CDPHO providers plan to continue these relationships. Given the geographical considerations, the proposed Contracting Affiliation is not expected to have any material effect on care referral patterns.

Through participation in the PCPO / Partners network, CDPHO providers will have access to and participate in PCPO and Partners population health management programs for commercial patients. These include, but are not limited to, care management programs (high-risk and intensive high-risk), behavioral health integration with primary care, Patient-Centered Medical Home, substance use disorder programs, virtual specialty care consultations, the Partners Skilled Nursing Facility Collaborative, patient engagement programs, and patient reported outcome measures. CDPHO will be incorporated into the Partners quality program as well as the Partners cost-trend management program. Through these programs and partnering with CDH, we expect that CDPHO providers will continue to improve quality of care and cost efficiency in their service area. Currently on several different electronic health record systems, CDPHO physicians will transition to the common electronic health record used across the PCPO / Partners network (Epic) to facilitate local care coordination and care transitions with CDH (which is already on Epic) and the rest of the PCPO / Partners network.