



HEALTH POLICY COMMISSION

Notice of Material Change (MCN) Process: Frequently Asked Questions

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This document is intended to provide guidance for stakeholders on the Notice of Material Change process pursuant to [958 CMR 7.00: Notices of Material Change and Cost and Market Impact Reviews](#). The Health Policy Commission (HPC) recognizes that each material change has unique facts and circumstances and that multiple factors may affect whether a proposed material change will require the filing of a Notice of Material Change with the HPC.

The HPC encourages stakeholders with specific questions to contact HPC-Notice@state.ma.us prior to filing an MCN or proceeding with a transaction that may be a Material Change subject to filing.

Capitalized terms contained herein are defined in 958 CMR 7.02.

Clinical Affiliations

Q: Which Clinical Affiliations are reportable to the HPC as a Notice of Material Change (MCN)? For example, my organization is entering into a routine, non-strategic Clinical Affiliation with another Provider, such as an arrangement for temporary call coverage. Is my organization required to file an MCN with the HPC?

A: An MCN filing is only required for Clinical Affiliations that include at least one entity that is not corporately affiliated with another entity in the affiliation, and at least two Providers or Provider Organizations with \$25 million or more in Net Patient Service Revenue in the preceding fiscal year. Additionally, the HPC only expects to receive notice of *strategically important* Clinical Affiliations. The routine, non-strategic Clinical Affiliation described above would not require an MCN filing.

Clinical Affiliations that the HPC considers to be strategically important include those that would be required to be reported to the Registration of Provider Organizations (RPO) program. Thus, at a minimum, the HPC expects to receive notice for all written affiliations involving an Acute Hospital, or its employed physician group, that include one or more of the following types of relationships reportable to the RPO program¹:

- a. Co-branding, such as when two or more Providers or Provider Organizations that are not corporately affiliated propose to enter into a partnership that will be publicized, such as through advertisements (TV, radio, internet, billboards), signage, brochures, letterhead, or web pages.

¹ For more detail on these Clinical Affiliation relationships required to be reported to the RPO program, please see the [Registration of Provider Organizations Program's Final Data Submission Manual for Part 2](#).

- b. Co-located services, specifically when a Provider or Provider Organization proposes to operate a site to provide Health Care Services in, or on the campus of, an Acute Hospital with which it is not corporately affiliated.
- c. Complete or substantial staffing of an Acute Hospital service line, specifically when one Provider or Provider Organization completely or substantially staffs an inpatient or outpatient service line at a main or satellite site of an Acute Hospital with which it is not corporately affiliated.
- d. The provision of funds to establish or enhance EHR Interconnectivity, specifically when a Provider or Provider Organization exchanges funds with another Provider or Provider Organization for the purpose of establishing or enhancing EHR interconnectivity between an Acute Hospital and a Provider with which it is not corporately affiliated.
- e. Establishment of a preferred Provider relationship, such as an affiliation that establishes an Acute Hospital or the employed physician group of an Acute Hospital as a preferred Provider of emergency, tertiary, or specialty services for the patients of a Provider with which the Acute Hospital is not corporately affiliated.
- f. Regular and ongoing provision of telemedicine services, specifically where such an affiliation exists between two or more Acute Hospitals or their employed physician groups, which are not corporately affiliated.

Timing for Filing an MCN for Formation of Entity for Contracting

Q1: My organization is considering forming a joint venture for the purposes of establishing an ambulatory surgery center (ASC) that will negotiate its own contracts. When is my organization required to file a Notice of Material Change with the HPC?

A: The *formation* of a joint venture is a Material Change. This is true even though other regulatory review processes surrounding the establishment of the ASC, such as the filing of a Determination of Need with the Department of Public Health, may occur at a later date. An MCN is required to be filed with the HPC not fewer than 60 days before the proposed effective date of the formation of the joint venture.

Q2: My organization is considering forming a management services organization (MSO). The resulting MSO has not generated any revenue to date. Is my organization required to file a Notice of Material Change with the HPC? If so, when should we file?

A: The *formation* of an MSO is a Material Change. An MCN is required to be filed with the HPC not fewer than 60 days before the proposed effective date of the formation of the MSO.

There is no revenue threshold for the MSO in determining when or whether to file an MCN. If a Provider Organization forming an MSO meets the \$25 million filing threshold (see 958 CMR 7.05(1)), that Provider Organization must file an MCN prior to the formation of the MSO, notwithstanding the fact that the MSO will not exist, or have any revenue, prior to the HPC's review.

Q3: My organization is considering forming an accountable care organization (ACO). When is my organization required to file a Notice of Material Change with the HPC?

A: The *formation* of an ACO is a Material Change. An MCN is required to be filed with the HPC not fewer than 60 days before the proposed effective date of the formation of the ACO. This is true even though potential certification of the ACO by the HPC pursuant to M.G.L. c. 6D, § 15 may occur at a later date.

Material Changes Involving Out-Of-State Entities

Q: My organization is considering a Material Change involving one or more out-of-state entities. Is my organization required to file a Notice of Material Change with the HPC?

A: A Material Change involving a Provider or Provider Organization and an out-of-state entity *may* require the filing of an MCN with the HPC. Please contact the HPC at HPC-Notice@state.ma.us with specific inquiries.