



# HEALTH POLICY COMMISSION

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## 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](mailto: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.*

### Discount Arrangements

**Q: My Provider Organization is considering an arrangement whereby we will receive funds from a Provider or Provider Organization to which we refer our risk patients as a discount off the price they receive from payers, or will receive such a discount where spending for the referred patients exceeds an agreed-upon amount. Is my Provider Organization required to file an MCN?**

A: As explained in our previous [FAQ](#), the HPC expects to receive notice of *strategically important* Clinical Affiliations. The HPC considers an arrangement under which a Provider or Provider Organization receives funds from a Provider or Provider Organization to which it refers patients (e.g., as a discount off its negotiated rates) to be a strategically important Clinical Affiliation for both organizations. Therefore, if both participating Providers/Provider Organizations had Net Patient Service Revenue of \$25 million or more in the preceding fiscal year, both must file an MCN for this Clinical Affiliation, pursuant to 958 CMR 7.02. Please see the revised MCN form which requires certain information about any exchange of funds in connection with a Material Change.

### Financial Thresholds

**Q: My Provider Organization, which has Net Patient Service Revenue (NPSR) of more than \$25 million, is considering an arrangement under which one of our subsidiaries, which does not have NPSR of \$25 million or more, would have a new affiliation with another Provider Organization that meets the definition of a Material Change. Is my organization required to file an MCN?**

A: The \$25 million MCN filing threshold applies to the *corporate parent and its affiliates*, not simply the subsidiary directly involved in the transaction. Therefore, because your Provider Organization has NPSR of more than \$25 million, your organization is required to file an MCN.