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Notice of Material Change (MCN) Process: Frequently Asked Questions Regarding Management Services, Transfers of Non-Clinical Assets, and Indirect Control

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Introduction

This document is intended to provide guidance for stakeholders on the Notice of Material Change (MCN) process pursuant to [958 CMR 7.00: Notices of Material Change and Cost and Market Impact Reviews](#). This guidance clarifies the MCN filing requirements for certain transactions involving sales of non-clinical assets or in which a party provides certain management services.

The Health Policy Commission (HPC) recognizes that each transaction has unique facts and circumstances and that multiple factors may affect whether a proposed transaction will require the filing of an MCN with the HPC. The HPC encourages stakeholders with specific questions to contact HPC-Notice@mass.gov.

Capitalized terms contained herein are defined in 958 CMR 7.02.

Guidance

The HPC requires the filing of an MCN whenever health care market participants propose a transaction that constitutes a Material Change, as defined in [958 CMR 7.02](#). A Material Change must involve a Provider or Provider Organization. While a Provider must be an “entity qualified under the laws of the Commonwealth to perform or provide Health Care Services[.]” a Provider Organization is defined more broadly as “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[.]”

1) Provider Organizations may include entities not directly providing Health Care Services, such as management services organizations.

The definition of Provider Organizations includes entities in the business of health care management that represent one or more health care Providers in contracting with Carriers or third-party administrators. A management service organization that does not provide Health Care Services but provides, for example, bargaining representation, “messenger model” contracting,

or other support for negotiating and establishing contracts with Payers is a Provider Organization, even if it is not a signatory to payer contracts. The formation of a new entity that would represent a Provider or Providers in contracting with Carriers or third-party administrators constitutes a Material Change under element (e) of the definition in 958 CMR 7.02. A Management services entity not involved in the representation of a Provider or Providers in contracting with Carriers would not be considered a Provider Organization.

2) Affiliations involving indirect control or the acquisition of non-clinical assets may qualify as Material Changes.

A transaction may qualify as a Material Change even in cases in which a clinical entity does not become a direct subsidiary of the other party. These include, but are not limited to: A Corporate Affiliation involving indirect control, such as the right of one party to appoint members to the board of directors of an otherwise unrelated Provider or Provider Organization, or a Contracting Affiliation in connection with the acquisition of non-clinical assets or the provision of management services to a Provider or Provider Organization that results in a new entity negotiating, representing, or otherwise acting to establish contracts with Payers on behalf of an otherwise unrelated clinical entity.