

## **Information About Material Change Notices (MCNs) and Cost and Market Impact Reviews (CMIRs)**

Provider changes, including consolidations and affiliations, have been shown to impact health care market functioning, and the ability of the state's health care system to deliver high quality, cost-effective care for all residents. The HPC is directed by statute to monitor such changes in the Massachusetts health care market.

Providers and Provider Organizations must submit notice to the HPC not fewer than 60 days before the effective date of any proposed "**Material Change**" to their operations or governance structure. These notices are public and posted on the HPC's website.

Material changes include mergers and acquisitions between health care providers, new joint contracting and clinical affiliations between providers, affiliations between providers and health insurers, and the creation of certain new types of health care provider entities like new ACOs.

Based on criteria articulated in [M.G.L. c. 6D, § 13](#) and informed by the facts of each Material Change, once the notice is filed, the HPC analyzes the likely impact of the Material Change, relying on the best available data and information. The HPC's initial review of the notice includes assessment of the parties' stated goals for the Material Change, the information they provide to the HPC, and other available information including relative price, total medical expense, claims, and discharge data from the Center for Health Information and Analysis (CHIA), to assess the anticipated impact on health care costs, market functioning, quality, access, and equity.

The HPC may elect to conduct a more comprehensive review of a particular material change that is anticipated to have a significant impact on health care costs or market functioning, called a **Cost and Market Impact Review or CMIR**. During the course of its review, the HPC has the authority to require submission of confidential information from the parties, insurers, and other providers. The result of a CMIR is a public report detailing the HPC's findings on the potential impact of the proposed transaction on costs and the Commonwealth's ability to meet the health care cost growth benchmark, market functioning, quality of care, and health equity and access for consumers. In order to allow for public assessment of the HPC's findings, the Material Change may not be finalized until 30 days after the HPC issues its final CMIR report.

The HPC does not have the authority to prohibit a transaction or to require conditions of approval but may refer its report and findings to the Office of the Attorney General, DPH, or other state agencies for possible further action on behalf of consumers in the health care market. Through this process, the HPC also seeks to encourage providers to evaluate and take steps to minimize negative impacts and enhance positive outcomes of any proposed Material Change.

## Timeline

- Parties must file a notice at least 60 days before closing or the effective date of the transaction.
- The initial review of an MCN takes 30 days from the date the notice is complete (i.e., the notice and all supporting materials have been provided).
- If initiated, the CMIR review process takes approximately six months.
- Parties to an MCN cannot complete their transaction until after the HPC has completed its preliminary 30-day review. In cases in which a CMIR is conducted, parties must wait at least 30 days after the HPC issues its final CMIR report to complete their transaction.

## Background on HPC's Market Oversight Role

A primary responsibility of the Massachusetts Health Policy Commission (HPC) is to oversee the functioning of the health care market in Massachusetts. This includes:

1. Tracking and analyzing the number, type, and frequency of material changes to the governance or operations of health care providers (Material Change Notices, or MCNs;
2. Evaluating the impact of significant health care provider changes on the competitive market and on the state's ability to meet the health care cost growth benchmark through Cost and Market Impact Reviews, or CMIRs as well as through comments on filings with other state agencies, such as Determination of Need (DoN) applications filed with the Department of Public Health;
3. Evaluating the performance of individual health care providers and payers which threaten the health care cost growth benchmark and overseeing Performance Improvement Plans (PIPs) to improve the cost performance of such entities;
4. Overseeing a program that provides transparency on the composition and function of provider organizations in Massachusetts, the Registration of Provider Organizations Program (RPO);
5. Assessing the value of certain high-cost pharmaceutical products and determining whether a manufacturer's pricing of such products is excessive or unreasonable; and
6. Conducting research and analysis to catalyze improvements in the performance of the health care market, such as by evaluating policy approaches to address market dysfunction like unwarranted variation in provider prices, analyzing the impact of market structure on cost trends, recommending approaches to mitigate market dysfunction that could result from care delivery reforms, evaluating different approaches to and identifying best practices in incenting provider performance, and assessing the role of provider supply and health system financing in driving health disparities.