



**MASSACHUSETTS**  
HEALTH POLICY COMMISSION

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# 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](http://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](mailto:HPC-Notice@state.ma.us). This form is subject to statutory and regulatory changes that may take place from time to time.

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## 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).

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## 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](mailto:HPC-Notice@state.ma.us);

Office of the Attorney General [HCD-6D-NOTICE@state.ma.us](mailto:HCD-6D-NOTICE@state.ma.us);

Center for Health Information and Analysis [CHIA-Legal@state.ma.us](mailto:CHIA-Legal@state.ma.us)

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## 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.

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## 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: 01/17/2017

1. Name: **Berkshire Health Systems, Inc.**

	Federal TAX ID #	MA DPH Facility ID #	NPI #
2.	04-244-2944	N/A	N/A

### CONTACT INFORMATION

3. Business Address 1: **725 North Street**

4. Business Address 2:

5. City: **Pittsfield** State: **MA** Zip Code: **01201**

6. Business Website: **www.berkshirehealthsystems.org**

7. Contact First Name: **Darlene** Contact Last Name: **Rodowicz**

8. Title: **Chief Financial Officer**

9. Contact Phone: **413-447-2809** Extension:

10. Contact Email: **drodowicz@bhs1.org**

### DESCRIPTION OF ORGANIZATION

11. Briefly describe your organization.

Through its affiliated provider entities, Berkshire Health Systems, Inc. ("BHS") provides health and wellness services across the care continuum in the Commonwealth's westernmost county. BHS affiliates include a community teaching hospital, a critical access hospital, ambulatory outpatient clinics and substance abuse and mental health services that employ more than 3500 individuals, including 400 physicians and other providers in both primary care and specialty services. The medical staffs of BHS hospitals consist of more than 600 physicians and other providers.

### 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? **See Attachment**

## 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:

PHB will provide a mechanism for developing and implementing best practice strategies and effective care models to improve prevention, access, outcomes and cost savings. PHB will allow small provider practices to share in best practices strategies, quality measurement tools, and population health analytics and evaluation tools that would be a challenge for them to achieve on their own. PHB will permit Berkshire County providers to participate in risk-based managed programs, including MassHealth MCO and other initiatives such as the DSRIP program. PHB expects that its proposed clinically integrated network will result in a decrease in total medical expenditures due to increased efficiencies. PHB will not meaningfully impact the market share of any of its participants or affect their long-established referral patterns, but will introduce increased efficiencies in such existing patterns.

## DEVELOPMENT OF THE MATERIAL CHANGE

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

None anticipated

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](mailto: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 17th day of January, 2017, under the pains and penalties of perjury.

Signature: \_\_\_\_\_

*David E. Phelps*

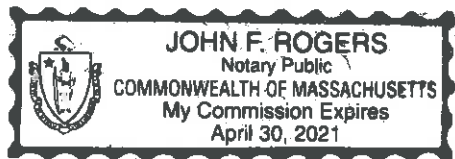
Name: \_\_\_\_\_

David E. Phelps

Title: \_\_\_\_\_

President & Chief Executive Officer

FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:



\_\_\_\_\_  
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)

Attachment to Notice of Material Change Form  
Berkshire Health Systems, Inc.  
Federal Tax ID # 04-244-2944

**Type of Material Change**

Response to Question No. 13 – *What is the proposed effective date of the proposed Material Change?* Promptly following completion of all HPC and other required reviews.

**Material Change Narrative**

Response to Question No. 14 – *Briefly describe the nature and objectives of the Material Change.* BHS and members of the medical staff of its hospitals--including both those employed by BHS affiliates and independent practitioners--propose to form a clinically integrated network, operated as a free-standing taxable Chapter 180 organization under the name of Partnership for Health in the Berkshires, Inc. ("PHB"). The objectives of PHB include: identifying and implementing strategies to allow all participating providers, individually and collectively, to deliver high quality, cost-effective care based upon best practices and in a manner satisfactory to consumers, employers and payers; serving as a forum for development of new or improved service delivery models across the continuum of care to improve both outcome and value; managing care referral patterns to maximize access to necessary services and enhancing quality of care and serving as an effective mechanism for implementing risk-based managed care models and allowing participating providers access to the necessary analytics and other evaluation tools to succeed in performing under value-based and global payment models of contracts.

Establishment of a clinically integrated network like PHB is necessary if the healthcare providers in Berkshire County are to participate in risk-based managed care programs, including MassHealth MCOs or other initiatives such as the DSRIP program that require effective MassHealth managed care contracting. BHS-affiliate Berkshire Medical Center is one of the 14 safety net hospitals eligible for payments under the Section 1115 MassHealth Waiver, but only if it is a participant in a MassHealth MCO. The patient population and payer mix of the independent community physicians participating (or eligible to participate) in PHB have approximately the same profile as does Berkshire Medical Center.

Participants in PHB will include BHS, all physicians employed by BHS affiliates and any independent physician providing services in Berkshire County who wishes to participate. Each of the independent physicians eligible to participate in PHB is required to be an existing member of the medical staff of at least one of the two BHS-affiliated hospitals in Berkshire County. PHB will be a physician-led organization with governance authority balanced among BHS, its employed physicians and independent community practitioners. PHB will enter into agreements with each of the participants committing them to PHB's goals and processes for achieving them. In addition to BHS and its affiliate-employed physicians, the initial participants in PHB will be physicians in 14 small, independent practices providing primary care and a variety of medical and surgical specialties. Other Berkshire County independent physicians in both primary care and specialty services may elect to participate in PHB during the next twelve months.