



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
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April 13, 2018 AMENDED

VIA EMAIL - David.G.Spackman@Lahey.org

David Spackman
General Counsel
Lahey Health System Inc.
41 Burlington Mall Road
Burlington, MA 01805

RE: Notice of Final Action DoN Application No. NEWCO 17082413-TO
CareGroup Inc., Lahey Health System Inc., and Seacoast Regional Health Systems

Dear Mr. Spackman:

At their meeting of April 4, 2018, the Commissioner and the Public Health Council, acting together as the Department, voted pursuant to M.G.L. c.111 sections 51-53 and the regulation promulgated thereunder, specifically, 105 CMR 100.735, to approve with conditions the Determination of Need application through which CareGroup, Inc., Lahey Health System, Inc. and Seacoast Regional Health Systems, Inc., intend to affiliate to create NewCo, which will function as the sole corporate member of each hospital and effectively replace CareGroup Inc., Lahey Inc., and Seacoast Regional Health Systems as the exclusive parent organization.

This Notice of Final Action incorporates by reference the Staff Report, the Addendum to the Staff Report, and the Public Health Council proceedings concerning this application.

This Determination of Need application was reviewed pursuant to M.G.L. c.111 sections 51-53 and the regulation promulgated thereunder, specifically, 105 CMR 100.735. Based upon a review of the materials submitted, the Department finds that the Applicant, now Holder has met each DoN factor and approves this Determination of Need application pursuant to 105 CMR 100.735. Approval is subject to 105 CMR 100.735(D)(3) relative to noncompliance, to the Standard Conditions relevant to Transfers of Ownership, and the following additional requirements which shall become conditions of the DoN:

Other Conditions

1. In its first report mandated by 105 CMR 100.310(L), the Holder will provide the following:
 - a. A report that details, for each measure set out in the Assessment Tool (Attachment 4)
 - i. the baseline measures
 - ii. expected benchmarks;
 - iii. measure specifications; and
 - iv. the anticipated time to meet benchmark.
 - b. A description of the current payer mix of NewCo, reported by each of the health insurance coverage categories reported on by CHIA.¹
 - i. Private Commercial – Overall
 - ii. Private Commercial – MA Health Connector QHPs (Subsidized and Unsubsidized)
 - iii. MassHealth – Overall
 - iv. MassHealth – Temporary
 - v. MassHealth – Managed Care Organizations (MCO)
 - vi. Senior Care Options, One Care, PACE
 - vii. Medicare Fee-for-Service (Parts A and B)
 - viii. Medicare Advantage
 - c. A description of the then-current Network Participation of NewCo, including but not limited to the number of:
 - i. Limited network products;
 - ii. Tiered products, including NewCo’s tier level for each of these products;
 - iii. Other commercial products;
 - iv. MassHealth Fee for Service;
 - v. MassHealth Managed Care Organizations
 - vi. Medicare Fee for Service; and
 - vii. Medicare Managed Care Organizations
 - d. A description of the measures by which the Holder will define itself as a high-value network.

¹ *Enrollment Trends Technical Appendix* (Rep.). (2018, February). Retrieved February, 2018, from CHIA website: <http://www.chiamass.gov/assets/Uploads/enrollment/2018-feb/Enrollment-Trends-Technical-Appendix-.pdf>

2. For the duration of the reporting period mandated by 105 CMR 100.310 (L), the Holder will provide the following:
 - a. A report on the measurable achievement toward the measures sets out in Attachment 4.
 - b. Updates on the payer mix of NewCo as outlined in 1.b.
 - c. Updates on Network Participation as outlined in 1.c.
 - d. Updated information on the measures provided in 1.d.
 - e. Updates on the integration of data management systems to support access to patient records and data across the NewCo system.
 - f. A description of the operating efficiencies and savings associated with those operational efficiencies achieved in the past year and cumulatively.
3. For the duration of the reporting period, the Holder will engage in reasonable efforts to inform the public and relevant stakeholders on the status of the affiliation including any service or other changes with likely impact on the patient panel or local communities.
4. In the event that the Holder is required by the Massachusetts Health Policy Commission (HPC) to develop and file a Performance Improvement Plan (PIP) pursuant to 958 CMR 10.00, then the Holder shall report to the Department that the Holder has filed the PIP and is engaged in ongoing efforts to implement the PIP consistent with 958 CMR 10.00. The Holder will timely provide all information necessary for CHIA to perform its analysis required by M.G.L. c. 12C § 18 and for the HPC to determine if the Holder must develop and file a PIP. If the HPC finds the Holder has not fully complied with the requirements of the PIP implementation process, as set forth in 958 CMR 10.00, then, notwithstanding the HPC finding, the Holder shall report to the Department on why the Department should find that the Holder is still in compliance with the terms and conditions of this DoN.
5. Other requirements in terms of the form, frequency and content of the reporting may be set out as contemplated in 105 CMR 100.310(L) and this information shall be updated annually in accordance with the Regulation. Pursuant to 100.310(Q), All Standard and Other Conditions attached to the Notice of Determination of Need shall remain in effect for a period of five years following completion of the project for which the Notice of Determination of Need was issued, unless otherwise expressly specified within one or more Condition. The Department reserves the right, based upon its reasonable discretion, to extend the reporting period for up to an additional five years provided notice thereof is provided to the Holder one year prior to the end of the first five year period.

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Ongoing compliance with the conditions and all terms of the DoN is, pursuant to the Regulation, a precondition to the filing of any future DoN by the Holder.

Sincerely,

~S~

Nora J. Mann, Esq.
Director
Determination of Need Program

cc: Sherman Lohnes, Director, Division of Health Care Facility Licensure and Certification
Rebecca Rodman, Deputy General Counsel
Samuel Louis, Office of Health Equity
Mary Byrnes, Center for Health Information and Analysis
Steven Sauter, MassHealth
Katherine Mills, Health Policy Commission
Ben Wood, Office of Community Health Planning