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2. Project Description

2.1 *Provide a brief description of the scope of the project.*

CareGroup, Inc. ("CareGroup"), the parent of Beth Israel Deaconess Medical Center, Inc. ("BIDMC"), New England Baptist Hospital ("New England Baptist" or "NEBH"), and Mount Auburn Hospital ("Mount Auburn"); Lahey Health System, Inc. ("Lahey"); and Seacoast Regional Health Systems, Inc. ("SRHS"), the parent of Anna Jaques Hospital (each of the aforementioned a "Party" and together, the "Parties") intend to affiliate to create a new comprehensive and distributed high-value healthcare delivery system in the Eastern Massachusetts marketplace. The new, high-value system will be marked by the highest quality of care and lower costs.

Affiliation Description

The affiliation of these high-value, as measured by high-quality coupled with low-cost relative to market alternatives,[1] and clinically and geographically complementary providers will result in the creation of a new healthcare system that is well-positioned to effectively manage care for a broad population and drive innovation in the marketplace. To tangibly improve health outcomes and meaningfully impact care delivery, the affiliation is structured to facilitate full economic and clinical integration among the Parties by establishing and incorporating a new parent organization, NewCo[2], which will function as the sole corporate member of each hospital and effectively replace CareGroup, Lahey, and SRHS as the exclusive parent organization.[3]

Specifically, NewCo will become the sole member of the following hospitals:

- BIDMC and its subsidiary hospitals, which includes Beth Israel Deaconess Hospital – Needham, Inc. ("BID-Needham"), Beth Israel Deaconess Hospital – Milton, Inc. ("BID-Milton"), and Beth Israel Deaconess Hospital – Plymouth, Inc. ("BID-Plymouth")
- New England Baptist
- Mount Auburn
- Lahey and its subsidiary hospitals, which includes Lahey Clinic Hospital, Inc. ("LHMC"), Winchester Hospital, and Northeast Hospital Corp. d/b/a Beverly Hospital, Addison

[1] For example, average statewide relative prices for CareGroup (0.92) and Lahey Health (0.92) fell 8% below the statewide average in 2015 and are lower than any other large health system in metro Boston, as per The Annual Report Series on Relative Price: Healthcare Provider Price Variation in the Massachusetts Commercial Market, The Center for Health Information and Analysis, May 2017. Further, Anna Jacques and BID-Milton had the lowest commercial statewide relative price of 0.76 in 2015 among community hospitals excluding high public payer hospitals, falling 24% below the statewide average.
[2] NewCo is herein used to identify the new organization for the purposes of this application.
[3] NewCo will also become the sole corporate member of a clinically integrated network ("NewCo CIN"), which will be the sole parent of Beth Israel Deaconess Care Organization ("BIDCO"), a physician and hospital network, Lahey Clinical Performance Network, LLC ("LCPN"), and Lahey Clinical Performance Accountable Care Organization, LLC ("LCP ACO"). Mount Auburn Cambridge Independent Practice Association, Inc. ("MACIPA"), which will remain an independent corporate entity, will participate in the design, management, and governance of, and become a participating provider in, NewCo CIN. BIDCO, LCPN, and MACIPA are not subject to the DoN regulations.

Gilbert Hospital, and BayRidge Hospital[4]

- Anna Jaques Hospital ("Anna Jaques"), a subsidiary of SRHS

This transaction will create a forward-thinking healthcare delivery model and full-continuum network to better serve our communities, bringing together world-class academic medical centers and teaching hospitals, leading community hospitals, and a premier orthopedics hospital, coupled with, and complemented by, compassionate, best-in-class physician networks[5] and clinical strengths in non-acute sectors like convenient care (e.g., urgent care, retail clinics, telehealth), rehabilitation, behavioral health, long-term care (e.g., skilled nursing, hospice),and post-acute care (e.g., home health). Further, NewCo will cover a large enough geography to better meet insurer and employer needs, and achieve more effective risk management under alternative payment models ("APMs").

NewCo's integrated structure will enable the Parties to function collectively as a fully integrated health system, efficiently using the most appropriate and cost-effective resources to meet specific patient and community needs. A copy of the proposed NewCo corporate structure chart is shown in **Exhibit 1** of the enclosed file entitled **"NewCo DoN Application Exhibits"**. NewCo will be governed by a single fiduciary board and select administrative functions will be provided at the system level; furthermore, because of the distinct knowledge local leaders have of patient needs in their communities, and because NewCo recognizes the need for strong local leadership, NewCo will retain a local hospital management structure and boards to oversee day-to-day operations. This shared governance strategy will allow the system to capitalize on local knowledge and accountability to serve each community and address their public health issues, while gaining the efficiency and integration required for success.

Strategic Rationale and Objectives

The Commonwealth of Massachusetts (the "Commonwealth"), through the Office of the Attorney General ("AGO"), Health Policy Commission ("HPC"), state Legislature and Governor Baker's Administration, has identified a significant need to address rising healthcare expenditures, price disparities and payment variation, and health inequities through market-based solutions.[6] However, to date, market-based solutions either do not exist or have had modest success, but have not significantly advanced progress toward these goals. NewCo intends to be the market-based solution the Commonwealth seeks, and will be founded with the core mission to be a high-value choice for Massachusetts healthcare consumers.

The Massachusetts marketplace continues to be at risk. Premiums in select insurance market segments continue to rise even as benefits may erode. The annual health insurance premium plus cost-sharing for a typical Massachusetts family in 2015 was $20,400[7] - equivalent to almost 30% of the median income in the state. As many consumers are faced

[4] Bayridge Hospital is a behavioral health facility offering comprehensive substance abuse and mental health services.
[5] Including more than 800 primary care physicians ("PCPs") and 3,500 specialists.
[6] Examination of Healthcare Cost Trends and Cost Drivers Pursuant to G.L. c. 12C, § 17, Report for Annual Public Hearing Under G.L. c. 12C, § 17, Commonwealth of Massachusetts Office of the Attorney General, October 13, 2016.
[7] Annual Health Care Cost Trends Report 2016. Massachusetts Health Policy Commission, February 2017.

with increased premium payments and/or out-of-pocket expenses, some may seek to delay care due to the associated costs and the possibility of needing to assume debt for medical services rendered. In fact, one in five insured adults in Massachusetts have an unmet health need due to costs, and one in five report medical debt.[8] Despite a demonstrated need to lower premiums and out-of-pocket expenses for consumers so they can more easily access needed healthcare services, the current insurance market does not adequately reward individuals who choose high-value, low-cost providers. The Attorney General notes that the system currently "financially penalizes consumers who seek out high-quality, lower cost care."[9] The reality of the current Massachusetts healthcare marketplace is that more commercial spending goes to high-cost providers, and more is spent on populations with higher incomes and fewer needs than is spent on populations with lower incomes and greater needs.

Additionally, the biggest driver of the Commonwealth's high-cost challenge and rising expenditures is the utilization of higher priced providers when lower priced providers of the same or higher quality are available.[10] To date, the Commonwealth's efforts to lower costs have focused on strategies like adopting APMs, combating rising pharmaceutical costs, and better integrating physical and behavioral healthcare; however, these current efforts have not significantly addressed those factors contributing to unwarranted variation in provider price. More simply stated, the healthcare market in Massachusetts is currently dysfunctional and unable to correct for unwarranted price variation.[11] Given this, the fundamental strategic priorities for NewCo are to further the Commonwealth's goals of fostering a value-based market by addressing this dysfunction, promoting an efficient, high-quality healthcare delivery system, and advancing aligned and effective financial models to incent consumers and employers to make high-value choices.[12] The new system will thereby strengthen access to affordable, equitable healthcare for Massachusetts residents. NewCo will further these aims in four primary ways:

1. Re-investing in advanced APMs to assume increased responsibility for health outcomes and efficiencies in care delivery (the "right care")
2. Reducing outmigration to costlier sites of care when equivalent or better quality care is accessible in the local community (e.g., reducing "community appropriate"[13] inpatient volume at academic medical centers and teaching hospitals)[14], resulting in more patients treated closer to home at a reduced cost (the "right place")

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8 Sharon K. Long et al., Massachusetts Health Reform at Ten Years: Great Progress, But Coverage Gaps Remain, 35(9) Health Affairs 1633, 1634-35. September 2016.
9 Examination of Healthcare Cost Trends and Cost Drivers Pursuant to G.L. c. 12C, § 17, Report for Annual Public Hearing Under G.L. c. 12C, § 17, Commonwealth of Massachusetts Office of the Attorney General, October 13, 2016.
10 Re-examining the Health Care Cost Drivers and Trends in the Commonwealth, Freedman Healthcare, February 2016.
11 Special Commission on Provider Price Variation Report, March 15, 2017.
12 Proposed policy priorities from the Annual Health Care Cost Trends Report 2016 include: fostering a value-based market, promoting an efficient, high-quality healthcare delivery system, advancing aligned and effective incentives, and enhancing data and measurement for transparency and accountability. Source: Health Policy Commission Advisory Council Meeting Presentation, April 12, 2017.
13 "Community appropriate" is as defined by the HPC in the HPC analysis of Center for Health Information and Analysis Hospital Inpatient Discharge Database, 2012-2015. Discharges that could be appropriately treated in community hospitals were determined based on expert clinician assessment of the acuity of care provided, as reflected by the cases' diagnosis-related groups (DRGs). All other discharges were classified as "higher acuity" for the purposes of this analysis.
14 Lahey was recognized by the HPC in the Annual Health Care Cost Trends Report 2016 for success in this area. Select Findings: Annual Health Care Cost Trends Report 2016. Massachusetts Health Policy Commission, February 2017.

3. Providing a high-value, full continuum and geographically distributed alternative to peer organizations that is easily accessible to all patients and their families no matter their health concern (the "right time")
4. Driving development of new insurance products with commercial payers that incentivize the utilization of high-quality, lower cost providers and contribute to the reduction of premiums (the "right price")

Central to NewCo's case for being a market-based solution is its geographic coverage and scope of clinical services offered. Full continuum offerings across an expansive geography by a system with favorable quality outcomes and efficient cost performance makes NewCo an attractive option for payer networks and self-insured employers looking for a partner to design new insurance products and achieve significant cost savings.[15] As stated above, NewCo will focus on effectively attracting care from higher priced providers to its high-quality, but less expensive network and will work with commercial insurers to design products that reward members for these choices. Again, the AGO has determined that disparities exist in the commercial marketplace because utilizers of low-cost providers subsidize the spending associated with patients who select high-cost providers.16 NewCo, therefore, intends to work with insurers to spur the creation of innovative insurance products, like tiered high-value networks, with incentives for patients to seek care that is not only high-quality, but lower cost, returning meaningful savings to consumers throughout the Commonwealth. Favorable tiering of and appropriate shifts in care utilization to NewCo's lower cost network from high-cost providers will, over time, reduce premiums as insurers can cut costs, potentially reduce out-of-pocket costs for individual patients, and mitigate disparities reflected in current payment of premiums, all while maintaining access to high-quality providers. Furthermore, as these high-value insurance products succeed, high-cost providers will be pressured to lower their prices to attract consumers, further reducing healthcare expenditure and cost growth.

Moreover, the Parties anticipate positively impacting health outcomes and quality of life in the region in significant ways. Through the affiliation, NewCo is better positioned to:

- Properly incent providers within the delivery system to succeed under value-based payment methodologies, such as the MassHealth ACO Program, by significantly improving patient care, effectively spreading risk to better manage care for at-need populations, and mitigating healthcare cost growth
- Optimally utilize the combined ambulatory, inpatient, community, tertiary, home care, and post-acute assets of NewCo based on patient need and convenience, with an overall goal of improving health outcomes and quality of life for patients
- Leverage existing community partnerships and evidence-based programs to maximum effect, strengthening our public health and prevention expertise and efforts across the NewCo system
- Provide streamlined transitions of care and navigational support to patients in their

[15] Provider price, not utilization of healthcare services, is the biggest cost driver in the Massachusetts market. Source: Freedman Healthcare, Re-examining the Health Care Cost Drivers and Trends in the Commonwealth, February 2016.
[16] Examination of Healthcare Cost Trends and Cost Drivers Pursuant to G.L. c. 12C, § 17, Report for Annual Public Hearing Under G.L. c. 12C, § 17, Commonwealth of Massachusetts Office of the Attorney General, October 13, 2016.

communities

- Bolster clinical programs and services to expand access
- Strengthen teaching and research programs
- Achieve operational synergies, economies of scale, and efficiencies to further reduce costs

Each of these areas is discussed in greater detail throughout the response.

Additionally, NewCo will maintain an attractive and supportive environment for clinicians, professional staff, and employees for the benefit of patients, while embracing both independent and employed physicians in a shared clinical enterprise.

On a standalone basis, financial and resource constraints and smaller existing geographic footprints challenge each Party's ability to fully capitalize on the opportunities presented above to reconfigure the care delivery model, increase access, and materially reduce the cost burden of medical care for its patient panel. Addressing these needs is an extremely resource intensive challenge, and looser affiliations among the Parties have had limited successes overcoming these challenges. The market is demanding the kind of success that NewCo will make possible. Only in a fully integrated model will the Parties share the incentives and degree of alignment necessary to reduce cost growth. NewCo will compete more effectively and bring truly market-based competition for value, thereby accomplishing transformative shifts in care delivery and healthcare expenditures.

Collectively, these objectives represent the potential for enhanced public health value to patients and the Commonwealth. This affiliation presents an unprecedented opportunity to transform the care delivery system in Massachusetts and to stand as a national model for delivering high-quality and cost-effective care, creating a more competitive market.

6. Transfer of Ownership

6.5 *Explain why you believe this most closely characterizes the Proposed Project.*

The affiliation is structured to facilitate economic and clinical integration by establishing a new parent organization, NewCo, which will function as the sole corporate member of each hospital and will effectively replace CareGroup, Lahey, and SRHS as the exclusive parent organization.[17]

6.6 *In context of responding to each of the Required Factors 1, 3, and 4, consider how the proposed transaction will affect the manner in which the Applicant serves its existing Patient Panel in the context of value (that is cost and quality), and describe the impact to the Patient Panel in the context of Access, Value (price, cost, outcomes), and Health Disparities.*

[17] Includes non-acute care entities, such as home health agencies, behavioral health facilities, and post-acute facilities, among others.

The proposed change of ownership will enhance the Parties' ability to serve existing patient panels through a tightly integrated model by collectively:

- Bolstering community hospitals with more specialized care closer to patient's homes
- Improving quality outcomes by promoting the dissemination of best practices, increasing the use of evidence-based medicine, and sharing patient information among hospitals and affiliated physicians
- Introducing price competition into the market to make care more affordable

Additionally, the combined clinical and population health management capabilities of the Parties serve as a strong foundation for investment, and will enable the facilitation of seamless care across the continuum to allow for the provision of the right care, at the right time, in the right place, and at the right price.

For further information on how the Parties serve the existing Patient Panel in the context of value, see response to ***F1.a.iii*** (for discussion of price and cost components) and ***F1.b.ii*** (for quality and outcomes components). For information on how the Parties will address access and issues of health disparities, see responses to ***F1.b.iii*** and ***F1.b.i.,*** respectively.

13. Factors

Factor 1: Applicant Patient Panel Need, Public Health Values and Operational Objectives

F1.a.i Patient Panel

Describe your existing Patient Panel, including incidence or prevalence of disease or behavioral risk factors, acuity mix, noted health disparities, geographic breakdown expressed in zip codes or other appropriate measure, demographics including age, gender and sexual identity, race, ethnicity, socioeconomic status and other priority populations relevant to the Applicant's existing patient panel and payer mix.

Patient Panel Definition

CareGroup, Lahey, and Anna Jaques operate in complementary geographies, from the Northeastern Massachusetts border to Plymouth County, and west to the I-495 beltway. As such, NewCo's patient panel, defined as the collective populations served by the Parties' hospitals and clinicians, is representative of this region and shown in **Exhibit 2**.

To develop a blended patient panel definition that would capture needs across a diverse array of patients, the Parties evaluated each member hospital's geographic service area, represented by 75% of inpatient discharges.[18] To ensure all patients were included in our panel definition, we also included needs identified in each hospital's most recent Community Health Needs Assessment ("CHNA"). Based on this assessment and blend of methodologies, the patient panel includes over 250 zip codes, more than 80% of which are in Middlesex, Essex, Norfolk, Suffolk and Plymouth counties. Please consult **Exhibit 3** for a geographic breakdown of the patient panel expressed by zip code.

For purposes of this application the Parties have established a fixed patient panel definition, but every expectation is that NewCo will have a broader impact on the healthcare industry and patient populations in Massachusetts by sharing best practices, investing in foundational infrastructure to support population health management, and encouraging true market competition based on value.

Patient Panel Description

An estimated 5 million people reside in the NewCo service area. This area has experienced 6.4% population growth since 2010, and is projected to increase at a faster rate (4.5%) than the state (3.5%) from 2017 to 2022, as shown in **Exhibit 4**. Select demographic statistics and health factors for this population are provided below.

[18] Based on analysis of fiscal year 2015 data provided by CHIA. Hospital service areas defined as zip codes where a targeted 75% of patients reside. Excludes all out of state patients. Excludes normal newborns (DRG 795).

DEMOGRAPHICS

As discussed by the Massachusetts Health Disparities Council, and consistent with the CHNAs of the Parties, select demographic characteristics, such as race, ethnicity, socioeconomic status, and social determinants, including education, have a significant impact on health outcomes.[19][20][21] Additionally, there is a link between lifestyle characteristics and health outcomes.[22]

The Parties analyzed key demographic statistics with proven links to health outcomes among the collective patient panel, the key results of which are presented below.

Race/ethnicity

While the majority (75.3%) of the NewCo patient panel identifies as "White Alone", the percentages of the panel identifying as Black or African American or Asian is greater than respective state averages, as shown in **Exhibit 5.** Additionally, 11.0% of NewCo's patient panel identifies as Hispanic/Latino, which is comparable to the state average of 11.7%.

Educational attainment

One third (33.2%) of the population aged 25 or older does not have any college education, and almost half (48.2%) have not received a college degree, as shown in **Exhibit 6**.

Income

While the percent of the population living below the poverty level (7.3%) is less than the state (8.3%), nearly one-quarter of the patient panel has an estimated household income less than $35,000 while over 40% of the patient panel has an estimated household income of more than $100,000 (as shown in **Exhibit 7**). This indicates significant inequalities in income distribution, similar to those statewide. As described by the AGO, low income insured residents subsidize high income residents due to their likelihood to select lower cost providers than higher income residents.[23] This disparity increases when broken down by race.

As stated in the **Project Description**, the annual health insurance premium for a typical family costs over $20,000.[24] Growing consumer cost-sharing will further impede patients' ability to receive healthcare, especially those patients with low income.

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[19] Disparities in Health, Health Disparities Council, Mass.Gov, 2011. http://www.mass.gov/hdc/docs/2012/jan/disparities-in-health-2011.pdf
[20] For example, lower educational attainment is correlated to higher likelihood of smoking and a shorter life expectancy. Michael Marmot et al., "Closing the Gap in a Generation: Health Equity through Action on the Social Determinants of Health," The Lancet 372, no. 9650 (Nov. 8, 2008):1661–1669.
[21] Additionally, "social determinants disproportionately impact minority populations, and thus contribute to poorer health outcomes", as noted by the Massachusetts Health Disparities Council. http://www.mass.gov/hdc/docs/2012/jan/disparities-in-health-2011.pdf
[22] For example, research has shown that transportation issues, such as not owning a car, are a key barrier for patients to receive the healthcare access necessary to improve health outcomes. Syed ST, Gerber BS, Sharp LK. Traveling Towards Disease: Transportation Barriers to Healthcare Access. Journal of community health. 2013;38(5):976-993. doi:10.1007/s10900-013-9681-1.
[23] Examination of Healthcare Cost Trends and Cost Drivers Pursuant to G.L. c. 12C, § 17, Report for Annual Public Hearing Under G.L. c. 12C, § 17, Commonwealth of Massachusetts Office of the Attorney General, October 13, 2016.
[24] Annual Health Care Cost Trends Report 2016. Massachusetts Health Policy Commission, February 2017.

Lifestyle characteristics

Data shown in **Exhibit 4** indicates 13.1% of the households included in this geographic service area do not have a vehicle, suggesting a portion of patients rely on public transportation and likely have difficulty accessing timely, proximate care.

Further, patients residing in Northeastern Massachusetts regularly leave the area to receive care that could be appropriately provided in the community: over 75% of community-appropriate cases leave the region for maternity discharges, 30% for medical discharges, almost 80% for mental health, and over 60% for surgical procedures, indicating a major opportunity to care for patients closer to home.[25]

Related needs of the patient panel based on the facts noted above are identified in the response to question ***F1.a.ii***.

HEALTH INDICATORS

Consistent with the community benefits guidelines for non-profit, acute care hospitals in Massachusetts, all hospital Parties have recently completed CHNAs, which provide a comprehensive assessment of the community health needs in the local areas served by each hospital.[26]

A review of the population within NewCo's collective communities revealed a high prevalence of certain chronic diseases such as obesity, hypertension, and diabetes, as well as cancer. Most counties and neighborhoods in NewCo's service area are comparable to the Commonwealth averages; however, rates of these diseases vary by segments of the population, and especially by risk factors. For example:

- In Boston, there is considerable variation in adult obesity rates by race and ethnicity, as 33% of Black/African American and 27% of Hispanic/Latino adults are reported to be obese, compared to 16% and 15% of White and Asian adults, respectively.[27]
- Additionally, 67% of respondents on the Beverly Hospital and Addison Gilbert Hospital Community Health Survey reported being obese or overweight, significantly higher than the Massachusetts average of 58%, and adults in households earning below 200% of the federal poverty level ("FPL") reported an even higher rate of 72%.[28]
- Per BIDMC's 2016 CHNA, the rates of hypertension range across Boston neighborhoods from 15% in Fenway and Allston/Brighton to over 30% in South Dorchester, compared to Boston's overall average rate of 24%.[29] Specifically, low income respondents had

[25] Community Hospitals at a Crossroads. Health Policy Commission, March 2016.
[26] The Parties note that while the CHNAs encompass broad geographies, and may include individuals that have not historically been patients at a NewCo facility or of a NewCo physician, the Parties believe the attributes identified in the CHNAs are consistent with those of the patients served by NewCo Party hospitals, and provide relevant context for better understanding the needs of the patient panel. Understanding and addressing these needs is critical to disease prevention and management efforts.
[27] Beth Israel Deaconess Medical Center 2016 CHNA.
[28] Beverly Hospital & Addison Gilbert Hospital 2016 CHNA.
[29] Beth Israel Deaconess Medical Center 2016 CHNA.

higher than average rates, with 32% reporting they have hypertension.[30] Though some areas fare better than the Commonwealth average of 29%, hypertension and related cardiovascular diseases remain among the leading causes of premature death.[31]

- Similarly, the percent of adults told they have diabetes ranges from 4% in Allston/Brighton to 15% in Roxbury, compared to the Boston average of 8.6%.[32] Among the 2015 LHMC Community Health Survey respondents, 12.1% of low income individuals reported having diabetes.
- The cancer incidence rate per 100,000 population in several towns is much higher than the state average of 509. Cancer is the leading cause of death among Boston residents.[33]

Further, the impact of mental health and substance use on a population is profound; these conditions are associated with chronic disease and directly affect an individual's quality of life and mortality rates.[34] Analysis of our patient panel shows that a significant portion of the patient panel suffers from behavioral and mental health issues, including depression, anxiety, stress, and substance use disorders:

- Approximately 20% of adults in Suffolk County have been diagnosed with depression, and Suffolk and Norfolk counties have experienced significant increases in opioid overdose deaths, which grew by 71% and 108%, respectively, from 2014 to 2015.[35]
- Within Lahey Health Behavioral Services ("LHBS"), the top two conditions for MassHealth members are categorized as alcohol/drug use and major depressive, bipolar, or paranoid, with prevalence rates of 17% and 12%, respectively.[36]
- Massachusetts residents reported an average of 3.5 poor physical health days and 3.9 poor mental health days out of the past 30 days.[37]

While there is some consistency in disease prevalence and incidence among the various populations served by each Party, there are also meaningful differences among individual communities and demographic cohorts. Understanding these unique needs is crucial in ensuring optimal care is available to each community and the statistics cited above provide a framework for developing system-wide plans, but also provide evidence that local community-specific care plans, like each hospital's Community Health Improvement Plan, remain a priority to best address unique needs of local populations. The response to the following question notes specific needs across the patient population that NewCo can address.

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[30] Lahey Hospital and Medical Center 2016 CHNA.
[31] New England Baptist Hospital 2016 CHNA.
[32] Beth Israel Deaconess Medical Center 2016 CHNA.
[33] Ranging from 562 in Woburn to 647 in Middleton, per Lahey Hospital and Medical Center 2016 CHNA and Beverly Hospital & Addison Gilbert Hospital 2016 CHNA.
[34] Health-Related Quality of Life & Well-Being, Office of Disease Prevention and Health Promotion, U.S. Department of Health and Human Services, August 2017.
[35] Beth Israel Deaconess Medical Center 2016 CHNA.
[36] Includes members with PCPs at Lahey Clinic, Winchester, and Northeast PHO.
[37] Based on 2015 Data. Source: County Health Rankings, 2017. Robert Wood Johnson Foundation County Health Rankings obtains their data from a variety of national data sources including the National Center for Health Statistics and other units of the Centers for Disease Control and Prevention, the Dartmouth Atlas of Healthcare, and Medicare claims.

F1.a.ii Need by Patient Panel

Provide supporting data to demonstrate the need for the Proposed Project. Such data should demonstrate the disease burden, behavioral risk factors, acuity mix, health disparities, or other objective Patient Panel measures as noted in your response to Question F1.a.i that demonstrates the need that the Proposed Project is attempting to address. If an inequity or disparity is not identified as relating to the Proposed Project, provide information justifying the need. In your description of Need, consider the principles underlying Public Health Value (see instructions) and ensure that Need is addressed in that context as well.

The proposed affiliation will position the Parties to better address the current and future needs of the patient panel and surrounding communities. These needs are driven by socioeconomic disparities and market inequities causing a high financial burden on the population, chronic medical and behavioral health conditions that are difficult to address, and fragmentation in care delivery systems. Based on the data presented in response to ***F1.a.i***, there are five overarching health-related needs of the patient panel:

- Reduce total expenditures and cost
- Improve access to high-value care
- Increase access to behavioral healthcare services
- Expand chronic disease management and prevention
- Better coordinate care across providers

Reduce total expenditures and cost

The creation of NewCo provides a unique opportunity to address the cost burden of healthcare on both patients and the Commonwealth. The public health of the Parties' communities is influenced not only by socioeconomic and behavioral risk factors, but also by the healthcare market at large (e.g., cost, competition, fragmentation). The current healthcare market in Massachusetts has not succeeded in convincing patients to receive care in their local community, causing unnecessary healthcare expenditures – each commercial discharge at a Boston hospital rather than a local hospital adds an average additional cost of $4,016 for patients residing in Northeastern Massachusetts.[38] The avoidable spending across the state is leading to increased consumer cost sharing, and placing a cost burden on patients' abilities to receive healthcare. The Parties have fully embraced an imperative to reduce the cost burden of healthcare by directing care to the appropriate lower cost setting to influence cost reduction, and will be better able to do so following the affiliation. The public health needs described below relate to an individual's healthcare costs and overall quality of life. Consequently, there is a need in Massachusetts for a sustainable, clinically renowned, high-value alternative that effectively manages population health and total medical expenditures ("TME"). The Parties have been committed to addressing this need, but individually lack the geographic breadth, service depth, and operational integration and alignment necessary to comprehensively achieve this aim.

[38] Ibid.

NewCo's plans regarding cost and expenditure containment are discussed throughout this response, most notably in response to question ***F1.a.iii Competition***.

Improve access to high-value care

The demographic characteristics described in ***F1.a.i*** depict a patient panel with less than optimal access to healthcare services. In Massachusetts during 2015, 52% of adults ages 19 to 64 with income at or below 138% of the FPL had difficulties obtaining healthcare over the past year, and 27% of adults with income at or above 400% of the FPL also had difficulties.[39] By providing cost-effective care in the right setting, bringing best-in-class specialty providers, like NEBH, in network, and continuing to fully embrace population health management as described in response to ***F1.b***, the Parties will improve access to high-value care, which is critical to improving health outcomes.

Increase access to behavioral healthcare services

Similarly, the region lacks sufficient access to behavioral healthcare services from prevention to screening to treatment, in part because the current healthcare environment does not incentivize providers to invest in these services. Patients with a behavioral health comorbidity were found to have healthcare expenditures two to two and one-half times higher than those with only one chronic condition.[40] Additionally, the number of Massachusetts residents living with a mental health disorder has grown,[41] and almost half (45.7%) of Massachusetts residents reported an unmet need for mental health disorder treatment.[42] Select NewCo partners will work to address barriers to accessing behavioral health services through participation as a behavioral health community partner ("BHCP") and the MassHealth ACO Program, integration with primary care, and enhanced community services, as described in response to ***F1.b***.

Expand chronic disease management and prevention

Based on the prevalence of chronic diseases and the racial and ethnic diversity of the communities served, the Parties have identified an unmet need for improved chronic disease management and prevention. The percentage of the Massachusetts population aged 65 or older is expected to grow from 16% in 2017 to 18.5% in 2022,[43] which will increase the need for chronic disease management and prevention. Additionally, a recent Health Affairs article highlights the potential for greater investment in chronic disease management and prevention to reduce economic disparities,[44] which can be addressed through increased access to care, care coordination, and service collaboration, all of which are further addressed in response to section ***F1.b***, and will be enhanced through the proposed affiliation.

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[39] Health Insurance Coverage and Health Care Access and Affordability in Massachusetts: 2015 Update, Urban Institute and BlueCross BlueShield of Massachusetts Foundation, March 2016.
[40] Key Findings—Behavioral Health Compendium, Health Policy Commission, March 2016.
[41] 17.4% in 2011-2012 to 20.1% in 2013-2014. Source: Access to Behavioral Health Care in Massachusetts: The Basics, BlueCross BlueShield of Massachusetts Foundation, July 2017.
[42] Ibid.
[43] Claritas, Pop-Facts Premier 2017.
[44] The United States Can Reduce Socioeconomic Disparities by Focusing on Chronic Diseases, Health Affairs, August 17, 2017.

Better coordinate care across providers

According to the HPC, there was $12.1 to $22.4 billion of wasteful healthcare spending in Massachusetts during 2015.[45] Failures of care coordination, including avoidable spending due to poor communication and lack of care integration, is one of the notable categories that contributed to medically unnecessary spending. While some improvements have been made through a population health approach to care, a fully integrated system, as envisioned in NewCo, is necessary to ensure care is provided in the most cost-effective setting, avoid duplication of services, and enhance communication and coordination among providers. Please see the response to question ***F1.b.i*** for more details regarding how NewCo will address care coordination needs.

F1.a.iii Competition

Provide evidence that the Proposed Project will compete on the basis of price, total medical expenses, provider costs, and other recognized measures of healthcare spending. When responding to this question, please consider Factor 4, Financial Feasibility and Reasonableness of Costs.

Central to the rationale for NewCo's establishment is the ability to introduce competition, particularly price competition, into the marketplace. As noted throughout this application, the Parties are fully committed to fostering a competitive provider and payer marketplace as the means to achieve cost savings, reduce expenditures, improve healthcare quality, and enhance access for the patient panel.

As stated in the response to question **2.1**, provider price variation is a critical driver of cost growth in the Commonwealth. In fact, provider price is cited as the number one cost driver in the state marketplace, contributing to rising costs even more than utilization rates.[46] Further, price varies dramatically between hospitals and among types of hospitals (academic, teaching, and community), and is not correlated to individual hospital quality.[47][48] While causes of this variation have been studied and identified, potential proposed solutions have not been adopted. To date, the market has not worked effectively to mitigate differentials in provider price and corresponding high spending. As such, a market-based solution that enhances price competition represents a unique opportunity to improve the marketplace for the benefit of consumers and communities across the Commonwealth, and significantly reduce the cost of healthcare in the state. The sections below describe how NewCo will compete aggressively on price, TME, provider costs, and other measures of healthcare spending, and how the new organization's tightly aligned structure will support its ability to compete.

[45] Health Policy Commission Advisory Council Presentation, April 12, 2017.
[46] Re-examining the Health Care Cost Drivers and Trends in the Commonwealth, Freedman Healthcare, February 2016.
[47] Per The Annual Report Series on Relative Price: Healthcare Provider Price Variation in the Massachusetts Commercial Market, The Center for Health Information and Analysis, May 2017.
[48] Re-examining the Health Care Cost Drivers and Trends in the Commonwealth, Freedman Healthcare, February 2016.

TME and Price

A foundational component of NewCo's competitive advantage is the Parties' low-cost position in the market, as measured by price and by TME (a function of price and utilization).

Currently, NewCo physicians' health status adjusted TME is lower or comparable to the TME of most market competitors, and significantly lower than that of other expensive physician groups for the market's three largest commercial payers.[49] Over time, NewCo's efforts to progressively reduce unnecessary utilization rates through effective population health management and strong coordination of care within a system of integrated providers will help to further lower TME. Interoperable information technology ("IT") systems and APMs pursued through NewCo CIN will further facilitate the reduction.

NewCo's development of a regionalized care delivery model consisting of community and teaching hospitals, home care professionals, and long-term care facilities that facilitates care in the highest value setting, and access to advanced, high-value tertiary and quaternary care when needed, will further enable the Parties to maintain and enhance their competitive TME position relative to other regional providers. Further, NewCo has a significant opportunity to reduce TME through best practice sharing across all its facility types and geographies. For example, NewCo will benefit from NEBH's advanced clinical musculoskeletal expertise and sharing of successes in delivering value and reducing TME for these services, which are a priority for existing bundled payment initiatives. An important goal of the new system is to take advantage of the unique NEBH model of care in musculoskeletal services and improve the ability of the new system to reduce TME by retaining appropriate musculoskeletal care within the system. NEBH will play a critical role in determining how orthopedics and musculoskeletal care will be organized across the new system. Further, NEBH's reputation for excellence in orthopedic care will be a valuable tool for retaining patients in the NewCo network who are receiving orthopedic care from higher cost competing providers.

Regarding the price component of TME, NewCo's value proposition is predicated on attracting patients and insurers to their lower priced network. The blended relative commercial price of each of the Parties' hospitals are comparable to or lower than respective peers in their communities and the state average.[50] BID-Milton and Anna Jaques, for example, are among the lowest priced community hospitals in the Commonwealth. The physician groups affiliated with the Parties have similarly lower and competitive prices, particularly for BlueCross BlueShield of Massachusetts ("BCBS"), the largest payer in the Commonwealth. Three of the four physician groups associated with NewCo (BIDCO, LCPN, and New England Baptist Clinical Integration Organization ("NEBCIO")) have lower than average prices, all with a relative price index below 1.0. The fourth physician group, MACIPA, is only slightly above at 1.08, still significantly lower than the market's highest relative price of 1.42.[51]

[49] See Exhibit 8. NewCo and Market Health Status Adjusted TME by Physician Group for Three Largest MA Payers.
[50] See Exhibit 9. NewCo and Market Blended Relative Hospital Price, all Commercial Claims.
[51] See Exhibit 10. NewCo and Market Physician Group Relative Price, BCBSMA Commercial Claims, all Product Types Combined.

NewCo's favorable price and performance with regard to TME, coupled with its high-quality, will help the organization attract patients who are enrolled in plans that offer financial incentives for making choices based on value, resulting in overall TME reduction (as described more in response to question ***F1.b.iii***). This will further bolster the Parties' ability to have strong relationships with payers to design innovative insurance products and support the infrastructure required to create and sustain this model of care.

Additionally, NewCo intends to manage TME by ensuring patients have access to high-value care in their own communities and capitalizing on existing efforts at each Party to keep care in the local, most clinically appropriate, low-cost setting. Today, outmigration from NewCo hospitals' service areas to higher priced providers results in higher TME. Retention of these patients by NewCo would reduce TME and result in a significant savings to the Commonwealth. NewCo community hospitals have lower prices than academic and teaching facilities, and the organization intends to reduce unnecessary outmigration to higher acuity facilities when patients can receive appropriate high-quality clinical care in the community at a more reasonably priced facility. While NewCo hospitals have already seen some success with regards to reducing outmigration to costlier facilities and keeping care local (as noted in the following paragraphs), a more integrated and regionalized approach to care delivery will allow the organization to keep more care in the community by enhancing NewCo's capital position and ability to invest in programmatic enhancements, and physician recruitment at local community hospitals and surrounding neighborhoods.

EVIDENCE OF SUCCESS IN SHIFTING APPROPRIATE CARE TO LOWER-PRICED COMMUNITY FACILITIES

Shifting care to lower-priced community hospitals is an area in which NewCo intends to excel. The 2016 HPC Annual Health Care Cost Trends Report highlighted Lahey's success in increasing the number of community appropriate discharges at Winchester Hospital upon the 2014 acquisition, while the rest of Massachusetts experienced an increasing number of community appropriate patients being treated at teaching hospitals.[52] Prior to the acquisition, Winchester's total and community appropriate discharges were steadily decreasing; however, LHMC's efforts to direct selected inpatient cases to a lower cost, equivalent quality hospital resulted in a meaningful shift of community appropriate discharges. In fact, while Winchester's community appropriate discharges declined each year from 2011 to 2014, the affiliation with Lahey resulted in a two percent increase in community appropriate volume in one year. At the same time, LHMC community appropriate discharges decreased, freeing up capacity for the tertiary care center to treat higher acuity patients.

The Parties reiterate that the ability to efficiently direct care to the lowest cost setting requires full system integration with a shared bottom line. In addition, the Parties must share a complementary and contiguous geography to make such shifts in care location

[52] Discharges that could be appropriately treated in community hospitals were determined based on expert clinician assessment of the acuity of care provided, as reflected by the cases' diagnosis-related groups (DRGs). All other discharges are classified as "higher acuity" for the purposes of this analysis. Source: HPC analysis of Center for Health Information and Analysis Hospital Inpatient Discharge Database, 2012-2015.

practical for patients. A key driver for the formation of NewCo is this increased ability to shift care to the highest-quality, lowest-cost setting.

The Parties note that, historically, the industry has relied on payers to provide appropriate incentives for care to be delivered in the appropriate setting or facility (after all, the payers are generally responsible to purchasers for the overall cost of care). However, to date, payers in Massachusetts have been unsuccessful at shifting care to lower cost providers.[53] Risk contracts appropriately encourage providers to also focus on TME, but to date providers have not had the geographic coverage, reputation, and aligned incentives to shift care away from higher cost providers.

In addition to collaborating with payers to develop insurance products that incentivize utilization of efficient providers (described in response to question ***F1.b.iii***), when appropriate, NewCo itself will have a strong incentive to appropriately rationalize care among its system assets as a result of its shared bottom line and goal of operating more efficiently to succeed in risk-based contracts.

Provider Costs

The proposed affiliation positions NewCo to further enhance its already competitive cost position within the market. The case-mix adjusted average cost per discharge of all NewCo hospitals is significantly lower than both the state average of $11,261 and other regional peer competitors.[54] Specifically, BID–Milton's case mix adjusted cost per discharge is the lowest among comparable hospitals with a rate of $6,366 per discharge.

The affiliation will directly result in cost savings over time through improved efficiency and strategic consolidation of certain administrative functions, such as supply chain and IT. Additional efficiencies will be gained through sharing population health management best practices and engaging in APMs. Lastly, the new health system, is likely to secure a lower interest rate on publicly held debt than any of the individual members could achieve independently, resulting in two potential cost savings opportunities for NewCo: to potentially refinance certain portions of the Parties' existing debt at a lower interest rate, and to ensure that future investments NewCo makes to better serve its patients and mission can be pursued at an attractive financing cost. NewCo intends to utilize these savings to reinvest in services and programs needed to better care for its patient panel. Further, as NewCo becomes more efficient and cost competitive, there is a meaningful opportunity to lower costs for consumers in the form of insurance premiums, which is described in greater detail in our response to ***F1.b.iii***.

Other Measures of Healthcare Spending

Employers and individuals purchasing or accessing public or private insurance coverage experience costs as premiums, co-payments, and deductibles, which are a result of the breadth, design, and efficiency of a given network. Tiered networks, or consumer-driven insurance products, help to reduce costs by providing access to a strong network of cost-

[53] Annual Health Care Cost Trends Report 2016, Health Policy Commission, February 2017.
[54] See Exhibit 11. Case-Mix Adjusted Cost Per Discharge. Medicare only.

effective hospitals and providers while discouraging the use of higher priced hospitals. As such, and assuming relatively equivalent quality, individuals in tiered network plans will be more likely to choose NewCo physicians rather than physicians affiliated with higher cost facilities and groups with higher TME than NewCo. The Commonwealth's efforts to increase transparency of healthcare costs, spending, and quality will further inform consumer purchasing, leading to greater demand for value-driven providers.

By establishing a network with sufficient geographic coverage, NewCo will work with payers to design and offer tiered network insurance products that match employer needs. The cost efficiencies NewCo can create through its high-value network can be used to lower the cost of premiums, copayments, deductibles, and other key measures of healthcare spending (see ***F1.b.iii***).

A Note on Factor 4: Financial Feasibility and Reasonableness of Costs

As demonstrated in NewCo's Factor 4 application submission, the agreement to form NewCo will not add any expenditures to the healthcare system, as no capital commitments have been made. Capital projects in the planning stages prior to NewCo's formation, however, which have been disclosed to all Parties through due diligence and will be subject to NewCo approval. NewCo will make all decisions regarding capital expenditures based on an assessment of how it can collectively best serve its entire service area/patient panel.

How a Fully Integrated Model Enhances Competition in the Market

Only through a fully integrated model will the Parties be able to compete effectively with more expensive Massachusetts systems by offering patients, physicians, insurers, and employers a lower cost, excellent quality network of integrated providers. Other systems in the market, and each NewCo Party alone, do not possess the geographic reach, brand reputation, and cost position needed to effectively compete and shift market preference in the region.

The creation of an integrated delivery system, rather than clinical affiliation or other models, ensures alignment of patient care, quality, and financial incentive. It also drives accountability of all system entities in the provision of high-value care. Only through true financial integration can NewCo drive a fundamental shift in how and where care is delivered. Two examples of what this level of integration can achieve are cited below.

WHAT FULL INTEGRATION CAN ACHIEVE: TWO EXAMPLES

Lahey has demonstrated remarkable success in the system's ability to identify and appropriately shift care to the most cost-effective setting. Lahey intends to leverage the NewCo affiliation to continue this positive trend, and to share this best practice model to facilitate similar results among all Parties. An example of this positive transition is as follows:

- Joe Allen (fictitious name), a 43-year-old male, presents in LHMC's emergency department ("ED") with community-acquired pneumonia, which would require a hospital stay. However, his care could be more appropriately and cost-effectively provided at

Winchester Hospital rather than at LHMC, a tertiary center. The patient's physician has a conversation with Joe and his family about the benefits of receiving his treatment at Winchester. Joe subsequently decides to receive his care at Winchester and is transferred and transported seamlessly. Joe completes his hospital stay at Winchester without complication and is pleased with the care he receives.

Joe's story is only possible through the aligned incentives inherent to a fully integrated healthcare system structure. Clinically affiliated organizations, each with their own financial incentives, would be less likely to enact a program to direct patients from a more expensive provider to a less expensive one. With a shared bottom line, accountability for quality outcomes and cost containment in value-based contracts, and an underlying philosophy that it is in the best interests of patients and communities to "keep care local," NewCo offers a transformational opportunity to focus care in the most cost-effective and appropriate settings at a regional level.

Additionally, a fully integrated system aligns decisions regarding capital and other resource allocation based on system-level priorities, catalyzing the ability to enhance services as needed in lower-cost community settings. For example, two major capital projects have been financed at BID-Needham, with support from BIDMC, over the past several years, enhancing the capabilities and attractiveness of that element of the system, and fostering disproportionate growth in the low-cost setting without compromising quality. These projects included the building of a new ED and inpatient unit, as well as a new perioperative suite and comprehensive cancer center at BID-Needham. Another example was the decision to support a robotics surgery program at BID-Milton establishing a community site for this advanced service.

In alignment with the historical strategy of each individual Party, NewCo seeks to create a balanced and coordinated care system characterized by optimal utilization of locally-based, high-quality, and lower-priced care in the community, complemented by the most sophisticated tertiary/quaternary services provided by major academic medical centers or teaching hospitals, as needed. These attributes, coupled with the opportunity for an enhanced regional platform for effective population health management, provide a compelling opportunity for NewCo to compete effectively with higher priced systems in Massachusetts in a way that no single Party can do alone. The result of this, and the basis for the formation of NewCo, is to compete effectively and thereby drive improvement in access, cost, and quality of healthcare, described in greater detail in response to ***Public Health Value*** questions.

F1.b.i Public Health Value / Evidence-Based

Provide information on the evidence-base for the Proposed Project. That is, how does the Proposed Project address the Need that Applicant has identified.

The proposed affiliation aims to further the HPC's vision for patients to be able to receive most of their healthcare in a local, convenient, cost-effective, high-quality setting,[55] by

[55] Community Hospitals at a Crossroads. Health Policy Commission, March 2016.

creating such a system in Massachusetts. NewCo intends to help Massachusetts contain its unsustainable cost growth, and improve access to cost-effective care for consumers. The Parties believe that the healthcare needs of the patient panel – access to high-value care, access to behavioral health services, chronic disease management and prevention, and coordination across the care continuum – can be better addressed through combined population health management initiatives and aligned financial incentives as a fully integrated health system.

Addressing Needs of the Patient Panel

REDUCE TOTAL EXPENDITURES AND COST

In addition to efforts described in response to question ***F1.a.iii*** to reduce expenditures and cost, NewCo will address two key components of cost containment: ensuring sufficient capacity at each facility/practice and facilitating appropriate transfers of patients across care settings.[56] Central to this approach is providing support for community hospitals to offer convenient, lower cost care than tertiary hospitals, when appropriate for patient acuity. Per the HPC, the estimated annual savings opportunity generated by shifting community-appropriate inpatient care to community hospitals ranges from $43 million to $86 million.[57] However, it has become increasingly challenging for many hospitals to maintain financial sustainability and the Parties are not immune to these challenges. Without financial sustainability, the future and longevity of community hospitals is in question, and the ability to provide care locally at a lower cost is imperiled.

As part of the strategy to encourage patients to receive care in their local communities, at what is often a lower price, NewCo will enhance community-based care within the service area. The affiliation promotes clinical synergistic opportunities to expand access throughout communities, particularly for Anna Jaques and Mount Auburn, as well as the community hospitals that are already part of BIDMC and Lahey. The Parties have a well-documented history of enhancing care in local communities:

- BID-Milton became the system's third site for robotic surgery following affiliation and has also seen programmatic improvements in bariatrics and co-location of BIDMC's renowned spine center to this community location.
- At Beverly Hospital, Lahey hospitalists and intensivists have elevated critical care capabilities, recruited a pulmonologist to reduce outmigration, and added a neurosurgeon post-affiliation.
- Mount Auburn's investment in trans catheter aortic valve replacement allows the hospital to offer minimally invasive cardio-thoracic surgical options with high-quality outcomes in a more cost-effective setting.
- BIDMC further enhanced community care at BID-Needham through the building of a

[56] Ibid.
[57] Health Policy Commission Advisory Council Presentation, April 12, 2017.

comprehensive cancer center on the BID-Needham campus.

- At Winchester Hospital, Lahey has provided infectious disease back-up coverage and recruited new thoracic surgeons (among others) to see patients and perform surgeries locally.
- At BID-Plymouth, BIDMC has worked collaboratively with the local institution to plan and execute on a comprehensive cardiac interventional program with the goal of allowing these complex cases to be cared for locally.

Opportunities to further support and enhance community hospital primary and specialty care exist among the NewCo Parties, and can be pursued more vigorously with a joint bottom line than a loose clinical affiliation.

ACCESS TO HIGH-VALUE CARE

As described in response to ***F1.a.ii***, residents in NewCo's service area include racially and ethnically diverse individuals, those without a college education, and low income individuals/families – cohorts that generally experience inequities related to healthcare access. Please see the response to ***F1.b.iii*** for information about community benefit programs and the variety of partners with which the Parties work, including local health departments and other community-based organizations, to address inequities. In addition to these programs, the Parties believe that enhancing access to high-value care will benefit the community and patient panel as a whole. The Parties have historically achieved some success in addressing patient needs through joint managed care risk contracting and important clinical affiliations. However, as described above, the proposed affiliation, with true financial integration, enables a greater commitment to local communities and risk contracting than those clinical affiliations that are not fully integrated into a shared bottom line.

To meet patient needs for access to high-value care, NewCo will support the expansion of primary care services and specialty care services available in the community in an approach targeted at addressing each local community's unique service needs. For example, primary care, musculoskeletal, and medical oncology services will be enhanced in the Anna Jaques service area. Similarly, collaboration will lead to the development of best-in-class outpatient and primary care capabilities at Mount Auburn, which could improve both access and quality. Lahey EDs will continue to discuss the importance of primary care with patients and assign a primary care physician to patients who present in the ED and who do not have a primary care provider, and hopes to expand this effort at other facilities. We note that joint initiatives to improve access and the value of care provided are discussed further in ***F1.b.ii*** and ***F1.b.iii***, below.

Complementary to initiatives to expand access through primary and specialty care enhancement and expansion are population health management efforts. Historical results exemplify the population health capabilities of the affiliated CINs, and the positive impact NewCo CIN could have on improving health through care management and incentivizing appropriate healthcare utilization patterns:

- The Medicare Shared Savings Program ("MSSP") ACOs associated with LCPN are

historically top performers with exceptional quality scores and generated savings. LCP ACO ranked second in Massachusetts two years in a row for total and earned shared savings, and exceeded 96% in its quality composite score for 2015, and 90% for 2014. Winchester ACO led all Massachusetts ACOs in savings per beneficiary, and earned a final quality score of 92% during 2014 and 2015.[58]

- BIDCO, which will also join NewCo, was one of 32 Pioneer ACOs selected nationally by CMS as healthcare organizations experienced in coordinating care for patients across care settings. As a Pioneer ACO, BIDCO saved Medicare over $54 million. In 2015, BIDCO earned the highest quality score of all Pioneer ACOs at 98%. BIDCO most recently joined the MSSP as a Track 3 ACO for performance year 2017.
- MACIPA, which will become a participating provider in NewCo CIN, also participated in the Pioneer ACO Program. During the program, MACIPA successfully managed care for approximately 10,000 beneficiaries, saving Medicare nearly $14 million over three years.

To achieve its population health management goals, the system must be able to effectively spread risk, manage healthcare needs, and appeal to both patients and physicians. The comprehensive make-up of the NewCo network – primary care and specialty physicians, hospitals, urgent care centers, post-acute facilities, and home health agencies – will enable the Parties to participate and succeed in more risk-based contracts, and positively affect the health of more patients, than achievable by any of those entities alone.

Working together, the Parties will continue to pursue initiatives that aim to optimize organizational effectiveness and provide high-value care, such as:

- Participate in an increasing number of APM contracts, including addition/expansion of commercial risk-contracts and participation in MSSP, Bundled Payments for Care Improvement initiative ("BPCI"), the MassHealth ACO Program, and becoming HPC Certified ACOs to further the HPC's care transformation and payment reform efforts
- Provide integrated home, palliative, and hospice care
- Invest in behavioral health resources, and thoughtful deployment of these resources
- Establish centralized and standardized clinical practice, as the Parties may determine

The NewCo system will be positioned to thrive as a leader in population health management and APM adoption, enhancing access to high-value care.

ACCESS TO BEHAVIORAL HEALTH SERVICES

Increasing Access

The proposed affiliation aims to address the need for increased behavioral healthcare access through augmented scale and resource sharing. LHBS has evolved to provide a wide array of services to Massachusetts residents, and is the largest provider of outpatient behavioral

[58] LCPN ran two separate ACOs after Lahey's affiliation with Winchester, ultimately combining the two ACOs into LCP ACO beginning in performance year 2016.

health services to MassHealth patients – serving 50,000 MassHealth patients annually, including 12,200 children under the age of 12 years. In response to local needs, LHBS has expanded to serve members in an array of settings including hospital EDs, outpatient clinics, homes, schools, and residential settings in more than 45 communities. LHBS serves as an Emergency Services Provider for psychiatric screening in the ED and communities of the North Shore and Merrimack Valley. Most importantly, LHBS is driving innovation in behavioral healthcare through piloting programs that aim to drive down costs, implementing a behavioral healthcare electronic health record ("EHR") system, and embedding behavioral health clinicians into primary care practices.

In addition to the extensive knowledge and thought leadership that LHBS brings to NewCo, BIDMC was one of the first providers to embed mental health access within the primary care practice, and operates a comprehensive psychiatry department, with an added focus on training the next generation of behavioral health clinicians and conducting clinical research. Further, Anna Jaques provides critical inpatient pediatric psychiatry services to the region, and BID-Plymouth serves as an important provider of behavioral healthcare for seniors and inpatient geriatric psychiatry. The breadth of behavioral healthcare expertise poses a significant opportunity to enhance prevention, screening, and treatment services for Massachusetts residents.

While innovative strides in integrating behavioral health with primary care have been made, funding instability, workforce development difficulties, and social determinants create barriers to enhancing these services. The establishment of NewCo will make needed behavioral healthcare staff more accessible to a broader geography of patients. NewCo creates the potential to improve workforce development through the sharing of best practices, and thoughtful deployment of needed clinicians and other staff across the network. NewCo also believes that by exchanging key success factors related to community benefit projects, the Parties can better address social determinants of health related to behavioral healthcare needs (as discussed further in ***F1.b.iii***).

Integrating Population Health

Additionally, BIDCO and Lahey each recently entered into a contract with the Massachusetts Executive Office of Health and Human Services to participate in the MassHealth ACO Program (please see ***F1.b.*iii** for more information), and will become HPC Certified ACOs. Over the next five years, the CINs' commitments to providing patient-centric, integrated care and services to MassHealth members with behavioral health needs will be strengthened through participation in the MassHealth ACO Program. Post affiliation, the contracting structure for the MassHealth ACO Program will be determined based on how NewCo CIN can best meet patient needs. There is no doubt, however, that shared expansion of proven strategies to the wider collection of practices and facilities in both ACO networks will benefit patient outcomes and quality of life.

Further, LHBS was recently selected by the Massachusetts Executive Office of Health and Human Services to be a Behavioral Health Community Partner ("BHCP") as part of the MassHealth delivery system redesign effort. Becoming a BHCP further exemplifies continued support for patients with high, and often complex, behavioral healthcare needs by holistically engaging members to improve their experience, continuity, and quality of care. Participation is expected to improve collaboration across organizations, support

development of behavioral healthcare infrastructure, and leverage the expertise and capabilities of community-based organizations.[59]

LHBS evolved over many years in a thoughtful process of developing services in a fiscally responsible manner. The proposed affiliation would enable NewCo to evaluate options for the expansion of LHBS best practices, as appropriate, over time. NewCo's commitment to behavioral health services is based on a shared mindset that behavioral healthcare is of growing importance, directly impacts the overall health and well-being of Massachusetts residents, and contributes significantly to TME.

CHRONIC DISEASE MANAGEMENT AND PREVENTION

The Parties are committed to addressing the need for chronic disease management and prevention services through risk stratification and care management, in addition to placing primary care at the center of the healthcare continuum (as discussed further in response to ***F1.c***). Formation of a fully integrated system expands the potential to address chronic disease prevalence compared to individual Parties working separately. While the Parties have programs in place such as chronic disease management outreach, video consults, support groups, and educational programs, collaboration expands the depth at which patient needs can be addressed and increases opportunities for innovation in care management and delivery. NewCo recognizes that chronic disease management works best when the patient is well-informed, and the care team is engaged, which is why our risk stratification and care management programs target primary care physician involvement.

BIDCO recently launched an updated risk stratification program, called the Rising Risk Program, to a subset of its network. This revitalized program is part of a network-wide strategy to improve care for five chronic diseases: diabetes, chronic obstructive pulmonary disease ("COPD"), asthma, cardiac disease, and heart failure. The program is designed to deliver the education and tools necessary to improve care quality, overall health, and quality of life. Rising Risk supports the patient-practitioner relationship and continuously evaluates clinical, humanistic, and economic outcomes to improve overall health by combining the skills and expertise of a health coach and pharmacist. Health coaches incorporate the Motivational Interviewing Model and Stanford Chronic Disease Self-Management programs in their targeted work, while pharmacists work to ensure appropriate and optimal drug therapy and adherence to prescribed medications. Monthly, BIDCO's population health management tools identify patients as "rising risk" using data analytic tools to review medical and pharmacy claims data, laboratory data, and internal disease-specific health risk assessments. Targeted populations are tiered into three levels of acuity, with each tier necessitating a different outreach method.

Similarly, the risk stratification program developed as part of Lahey's participation in the Oncology Care Model ("OCM") is another great example of how a system-wide care navigation and risk stratification model can be used to manage patients with chronic illnesses and prevent avoidable readmissions through aggressive care management. Lahey Health Cancer Institute began conducting clinical standardization and process improvement

[59] MassHealth Payment and Care Delivery Innovation Community Partners Open Meeting, Executive Office of Health & Human Services, 2017.

projects, which led to the development of a robust risk assessment program built directly into the EHR system that enables ED admission notifications, a tracker for quality of life metrics built into the EHR, and a calculated risk score that appears on the nurse navigator's dashboard prompting a telephone or virtual health visit. While outcomes data is not yet available, anecdotal information shows averted hospitalizations from the first day of implementation.

Further, in January of 2016, Mount Auburn implemented a structured program to establish inpatient guidelines for congestive heart failure ("CHF") management that include increased cardiac rehabilitation referral rates, improved patient education, and earlier, more frequent intensive outpatient follow-up. After leading to decreased CHF readmission rates (18.05% in 2015 to 14.77% for the first half of 2016), Mount Auburn expanded the model to include COPD patients.

Upon the creation of NewCo, these programs can be expanded and eventually integrated across the wider network. The proposed affiliation will strengthen data analytic capabilities across the system to better understand the causes and factors associated with chronic disease management and prevention (including risk stratification and care management guidelines) that will drive improved patient outcomes.

COORDINATION OF CARE

As patients move throughout the system from preventive visits, to specialty care, to inpatient stays, to post-acute rehab and home care, coordination among providers and entities becomes integral to positive patient outcomes and cost containment.[60] As one system offering the full continuum of care across the geographic region, NewCo would be better positioned to streamline care transitions by leveraging the population health management tools and IT software in place and having more capital to enhance those systems over time, enabling expedited transitions, and an enhanced patient experience.

The Parties are each working to improve care coordination across the continuum through use of care navigators, who will help provide guidance to patients within the healthcare system. Within the three current affiliated CINs (BIDCO, LCPN, and MACIPA), care management is structured and executed differently, from care navigators embedded in primary care practices to a team of managers led by a pharmacist. The current structures are designed to promote care team collaboration for patient care coordination. Building off each Party's experience, NewCo will develop a system-level population health management structure through NewCo CIN, including system-wide care management. This collaboration will expand and enhance care management capabilities to ensure that safe, effective, and efficient transitions occur between all care settings, including to home with support services. The program will entail standardized and accurate communication and information exchange between the transferring and receiving provider in time to allow the receiving provider to effectively care for the patient. This ensures that the sending provider maintains responsibility for care of the patient until the receiving clinician/location confirms the transfer and assumes responsibility. When transferring patients to home, particularly MassHealth patients, the care management team will seek to ensure the patient is

[60] Health Policy Commission Advisory Council Presentation, April 12, 2017.

discharged to a safe home environment or transitional shelter and receives patient (or caregiver) training to increase activation and self-care skills, including safe medication practices.

The Parties have already begun to share patient information across platforms to improve the delivery and outcomes of care. This can further be enhanced through deployment of systems, tools, and people to enhance performance analytics and population health management, as currently done at BIDCO, where medical records are available to hospitals and physicians across the system in real-time, and Lahey, where the system has achieved Healthcare Information and Management Systems Society stage seven recognition. This not only enhances the continuity of care, but also enables physicians to provide the best care for their unique patients, as pertinent information is shared in real-time. Other systems, such as risk-stratification software, improve care at the population-level, as the most appropriate care programs can be developed for identified populations. The use of care navigators in tandem with IT makes the data actionable. Please see the response to ***F1.c.*** for more information on how the proposed affiliation will elevate coordination of care across the Parties.

F1.b.ii Public Health Value / Outcome-Oriented

Describe the impact of the Proposed Project and how the Applicant will assess such impact. Provide projections demonstrating how the Proposed Project will improve health outcomes, quality of life, or health equity. Only measures that can be tracked and reported over time should be utilized.

In recent years, the focus of providers has evolved to encompass more than merely caring for patients when they are sick, but rather managing chronic illnesses, prevention, and an increased focus on social determinants of health. As individual organizations, the Parties have had measurable and positive impacts in the areas of health outcomes, equity, and quality of life, further illustrating the Parties' noted complementary strategies in addressing these issues. The formation of NewCo will help the Parties, over time, improve health for patients at all stages of care through collaboration on best practices, care protocols, availability of direct care across the continuum, capital investment, and community benefit programs. NewCo intends to measure this impact through HPC reporting mechanisms, health plan and ACO quality scores, and internal mechanisms.

Health Outcomes

NewCo Parties have successfully demonstrated capabilities in maintaining positive health outcomes for their patients. Quality, outcomes, and patient satisfaction metrics are tracked by each Party to ensure performance in key areas is maintained and areas that may need additional focus are identified. While current successes in improving health outcomes post-affiliation for existing Parties are featured below, NewCo acknowledges that the improvement of other public health outcome and public health value measures is a long-term process.

Notably, BIDMC and Lahey have achieved health outcomes improvement with previous affiliations. For example:

- Overall surgical care improvement scores[61] increased at BID-Needham from 97.4% in 2012 and 2013 to 100%[62] in 2014 and 2015.
- BID-Plymouth's of patients highly satisfied patients increased from 61% in 2012 and 2013 to 69% in 2015 and 2016; BID-Plymouth also improved on percent of patients who would definitely recommend this hospital to friends and family, from 68% to 73%.[63]
- Overall heart failure care metrics improved at Winchester Hospital from 92% in 2013 to 100% in 2015.[64]

The Parties intend to leverage existing expertise across sites to further improve outcomes and patient experience in the future. For example, NEBH has been nationally recognized for excellence in orthopedic and musculoskeletal care from multiple accrediting bodies and monitoring agencies. NEBH's value leadership is evident through the achievement of superior satisfaction and quality metrics, impressive patient satisfaction ratings, and extraordinarily low readmission rates of approximately ten percent. NEBH is in the early phases of extending this expertise and positive patient experience into other facilities through standardized care and managed protocols. NewCo can implement NEBH's model of care, where appropriate. As these measures are based on hospital-wide performance, it should be noted that sufficient transition and implementation lead time are required for measurable improvement to be achieved across any or all NewCo facilities.

Additionally, the Parties will focus on new measures through the MassHealth ACO Program, which will inform outcomes in the Medicaid population. These measures are highlighted in the subsection *Tracking Mechanisms*.

Quality of Life

NewCo's patient panel will strongly benefit from a proactive health system that addresses their physical, mental, emotional, and social needs. 14.1% of Massachusetts residents reported being in poor or fair health; additionally, 9.7% and 11.2% of residents reported poor physical health and poor mental health greater than or equal to 15 days in the past 30 days, respectively.[65]

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[61] A composite of nine care processes used to improve surgical care/prevent surgical infections. The composite score is calculated by the number of times a hospital performed the appropriate action across all measures for that condition, divided by the number of opportunities the hospital had to provide appropriate care for that condition. Composite scores will not be displayed if all measures in that condition included fewer than 30 cases.
[62] Improvement timeframe from Q3'12-Q2'13 through Q4'14-Q2'15. Source: The Commonwealth Fund "Why Not the Best", accessed June 2017.
[63] Improvement timeframe from Q4'12-Q3'13 through Q2'15-Q1'16. Source: The Commonwealth Fund "Why Not the Best", accessed June 2017.
[64] Improvement timeframe from Q3'12-Q2'13 through Q4'14-Q3'15. Source: The Commonwealth Fund "Why Not the Best", accessed June 2017.
[65] Based on 2015 Data. Source: County Health Rankings, 2017. Robert Wood Johnson Foundation County Health Rankings obtains their data from a variety of national data sources including the National center for Health Statistics and other units of the Centers for Disease Control and Prevention, the Dartmouth Atlas of Healthcare, and Medicare claims.

Consistent with each Party's mission and history of demonstrated commitment to high-value care in the community, NewCo Parties will continue to address key quality of life issues. In addition to enhancing health outcomes (as discussed above), there is significant opportunity for the new system to expand and enhance local pilot projects and programs that have been successful at each organization. Key examples include:

- BIDMC has implemented processes for the prevention of non-physical harm through its "Practice of Respect" campaign. In this initiative, each instance of "non-physical harm" (e.g., emotional harm, disrespect) is put through the same review processes as severe physical harm events, including analyzing and reviewing each individual case and integrating results into process improvement programs. Periodic "Respect & Dignity" groups are convened, with 30+ top organizational leaders coming together to review these cases, outcomes, and change(s) implemented to avoid the situation in the future. Similarly, BIDMC founded the Gender Identity Information Management Steering Committee, where appropriate practices and protocols are defined to ensure transgender and gender non-conforming patients receive the best medical care of the highest standards.
- Anna Jaques and Lahey have extensive behavioral health programs, which seek to integrate behavioral health into various aspects of care, including primary care. At Lahey, grant funds received for both phases of the HPC's Community Hospital Acceleration, Revitalization, and Transformation ("CHART") investment program have been used to integrate behavioral health services into EDs and launch a behavioral health public education campaign with the goal of increasing access to, and appropriate utilization of, behavioral health services. BID-Milton received a grant from the HPC to provide coordinated and integrated behavioral healthcare in the ED, which resulted in a 20% reduction in behavioral health boarding hours. Bringing together multiple programs with the potential for best practice dissemination throughout NewCo regional hospitals and practices is a significant opportunity to enhance the quality of life for behavioral health patients.
- Lahey has system-wide Multidisciplinary Model of Care Councils for key disease areas (e.g., breast cancer, thoracic cancer, gastroenterology, genitourinary, and others) that discuss the current state of evidence-based medicine and best practices and determine network-wide protocols that may be helpful in managing these disease areas.
- NEBH offers a comprehensive pre-admission screening program, allowing providers to best manage patients who have underlying behavioral health issues, including addiction, which could affect their ability to be discharged home safely. NEBH's expert team of care managers work with community resources and the patient's physicians and family members to ensure that all necessary home-based services are arranged prior to surgery. Their efforts are developed in coordination with the behavioral medicine team who follow the patient and create a plan for the patient and family. Patients who may have addiction issues are directed to detox programs prior to surgery to address underlying addiction issues prior to addressing their musculoskeletal needs. NEBH also offers a high-risk screening and evaluation process to eliminate post-operative delirium and readmission. NEBH has established an Orthopedic Specialty practice for patients

who might otherwise utilize EDs to access non-urgent orthopedic care.

- Mount Auburn's Department of Radiology and Division of Pulmonary Medicine have developed a multi-disciplinary lung nodule care program for lung cancer evaluation and treatment. NoduleNet is a database of patients who require surveillance of an identified nodule. The goal is to schedule these patients for further imaging per evidence-based guidelines and ensure delivery of appropriate, timely follow-up care to improve outcomes and prevent patients from becoming "lost to follow-up".

In addition to the pilot programs described above, Lahey and Mount Auburn offer extensive hospice and homecare programs, which continue to grow. These services are centrally located and could serve as a system basis for superior care transitions and care at the end of life, enhancing quality of life for patients and families. NewCo will continue to support the thoughtful integration of home-based care, senior care, skilled nursing, inpatient rehabilitation, and assisted living with primary care services.

NewCo will build upon the aforementioned evidence-based programs and best practices to address health determinants and improve life quality.

As discussed in ***F1.a.i*** and ***F1.a.ii*** above, the patient panel exhibits a variety of other needs that must be addressed to improve overall quality of life. Access to timely and appropriate care is a critical and fundamental component of life quality.

Health Equity

As a fully integrated system, NewCo will offer improved access to high-value care for those with poor health status, low socioeconomic status, and other cohorts that frequently experience health disparities. NewCo will maintain the Parties' commitments to provide professional, dignified care and a respectful patient experience with every visit and interaction. NewCo will also address health inequity by sustaining adequate funding and strengthening of community-based programs and improving care for the Medicaid population, as discussed further in ***F1.b.iii*** (Improving Care for Medicaid Members) below.

For a complete discussion of how the proposed affiliation will address health equity, see the response to ***F1.b.iii*** (Public Health Value/Equity-Focused) below and ***2.1*** above.

Tracking Mechanisms

The most effective means to track NewCo performance are the well-established measures already in use. Performance on cost-effectiveness and quality will continue to be measured through current HPC and Center for Health Information and Analysis ("CHIA") mechanisms, given their alignment with the overarching affiliation goals and NewCo's vision of creating a high-value system.

NewCo providers will continue to expand their robust quality reporting through affiliation of the Parties' (including BIDCO, LCPN and MACIPA) strong reporting platforms and joint investment in additional tools and data management systems that support population health management. NewCo will utilize baseline performance metrics and incorporate advanced data analytics to continually evaluate improvement areas and identify the most impactful

initiatives. Tracking and reporting tools implemented across the system will help to ensure all providers are making coordinated and targeted efforts related to identified improvement areas and to improve quality of life, outcomes, and health equity with a focused approach on defined measures.[66]

Specifically, NewCo proposes tracking and review of quality metrics related to the patient needs discussed in ***F1.b.i*** Examples of possible metrics to report are based on the measures tracked in the MassHealth ACO Program, as these include outcomes related to behavioral health and social determinants of health, and are listed below.

- Reduce Total Expenditures and Cost:
    - Establishment of at least one tiered, high-value network insurance product with a commercial payer
    - Increased utilization of community hospitals (instead of academic and teaching facilities) for community-appropriate care
- Access to High-Value Care:
    - Number of active value-based payment contracts
    - Percentage of primary care patients who had at least one well-care visit during the past calendar year
- Access to Behavioral Health Services:
    - Percentage of primary care patients screened for clinical depression
    - Number of primary care practices integrated with behavioral health resources
- Chronic Disease Management and Prevention:
    - Control of high blood pressure: Percentage of adults who had a diagnosis of hypertension and whose blood pressure was adequately controlled based on age/condition-specific criteria
    - The rate of COPD or adult asthma admissions
    - The percentage of patients with diabetes whose HbA1c level is under control
    - The rate of admission with diabetes with short-term complications as the principal diagnosis, excluding obstetric admissions and transfers
- Coordination of Care:
    - Percentage of primary care patients identified for care management/care coordination with documentation of a care plan

[66] The Parties note that establishing, tracking, and reporting performance metrics for efficacy and efficiency across locations and care settings requires sophisticated processes and systems and NewCo CIN can invest more efficiently and maximize finite resources more effectively than the affiliated clinically integrated networks because the cost of resources (e.g., IT, care navigators) is spread across a larger population.

- All cause, all payer readmission rates at each hospital location

Aligning efforts across NewCo CIN will support more sophisticated measurement and targeted initiatives to improve health outcomes, and ensure the appropriate metrics are being utilized to measure the clinical and programmatic efforts.

Finally, as discussed in ***F1.a.iii***, a key objective of this transaction is to help achieve the Commonwealth's efforts to reduce the unsustainable cost trend. This reduction is essential to our shared efforts to preserve broad access to coverage and care in both publicly and commercially insured populations. As identified above, NewCo will work toward reducing costs through an integrated model. The goal is to create a competitive marketplace in which the cost growth benchmark becomes more achievable. Cost growth will continue to be monitored through TME and relative price reporting by CHIA and the HPC, as well as internal financial systems already in place. The capabilities in place will be enhanced and built upon to ensure continued value of the Parties' risk contracts.

F1.b.iii Public Health Value / Equity-Focused

For Proposed Projects addressing health inequities identified within the Applicant's description of the Proposed Project's need-base, please justify how the Proposed Project will reduce the health inequity, including the operational components (e.g. culturally competent staffing). For Proposed Projects not specifically addressing a health disparity or inequity, please provide information about specific actions the Applicant is and will take to ensure equal access to the health benefits created by the Proposed Project and how these actions will promote health equity.

As noted in the response to ***F1.b.ii***, the providers and hospitals of NewCo serve a diverse demographic, among which are patients with poor health status and of low socioeconomic status. Core to NewCo's mission is reducing health inequities and caring for the underserved through the highest quality, affordable, and local care.

NewCo hospitals have an existing commitment to the care of all patients, serving patients regardless of insurance status and ability to pay for care rendered. The affiliation will provide NewCo with greater ability to reduce market inequities (e.g., by partnering to develop lower cost commercial insurance products; creating a positive economic impact through a focus on local community hospital service growth), and health inequities (e.g., keeping care in the community, better coordinating care, and managing risk for underserved Medicaid populations; enhancing collaboration on community-based services and relationships).

Partnering to Develop Innovative Insurance Products That Incentivize Efficiency

As previously indicated, a major disparity for patients across the service area is access to affordable, high-quality healthcare services. A market-based solution is required to reduce disparities in spending and resource allocation among high and low income communities, and to lower premiums and reduce financial barriers to access care. As a high-value, full

continuum system covering a broad geography, NewCo will provide a unique opportunity and solution to reduce these disparities through high-value tiered and consumer-driven insurance products.

At present, provider selection is a significant contributor to increased premiums and costs for both consumers and employers. The Parties intend to pursue the development of competitively priced insurance products with payers to mitigate the health inequities inherent in premium subsidization caused by provider price variation and provider selection.[67] A high-performance network[68] would include appropriate financial incentives for patients to receive care at high-value, low-cost providers and can address inequities in the current market by allowing for premiums that more closely reflect the true cost of care received[69].

Insurance products with tiered networks must include an appealing and geographically broad provider network to be able to serve a high proportion of employees with an attractive choice of providers. The formation of NewCo would achieve this geographic coverage, providing employees what they need, without limiting consumer choice of all types of providers, as the Parties have extensive service offerings and a broad, high-quality provider network.

Initial analysis indicates that the NewCo network will be attractive to businesses seeking a high-value health plan. The maps in **Exhibit 12** show the spread of employees across Massachusetts for three blinded employers of different sizes.[70] The number of employees ranges from 895 at Employer A to 4,362 at Employer B. In comparison to the NewCo patient panel maps, the NewCo service area is largely congruent with the residences of the employees:

- 94% of the 895 employees at Employer A reside within the NewCo service area
- 92% of the 4,362 employees at Employer B reside within the NewCo service area
- 95% of the 1,431 employees at Employer C reside within the NewCo service area

Additionally, NewCo intends to be a convenient option for a significant majority of residents through geographically distributed primary care offices. The positive benefits of a high-performance network would be amplified if NewCo can attract small group and large group employers by the prospect of substantially lower premiums and/or lower out-of-pocket

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[67] Examination of Healthcare Cost Trends and Cost Drivers Pursuant to G.L. c. 12C, § 17, Report for Annual Public Hearing Under G.L. c. 12C, § 17, Commonwealth of Massachusetts Office of the Attorney General, October 13, 2016.

[68] Knott, D., Latkovic, T., Nuzum, D., Lamb, J.O., Singhai, S., McKinsey & Company, Maximizing value in high-performance networks, July 2013. High-performance networks are high-value networks comprised of lower cost, high-quality providers that can take a variety of forms, but all give their members access to a particular network of high-value providers in return for lower premiums and/or lower out-of-pocket costs.

[69] Per the AGO, "Adopting a product design like this, which pays close attention to financial incentives for consumers at the point-of-enrollment, has several advantages over existing efforts in Massachusetts that reward consumers at the point-of-service for choosing higher value providers." Further, the AGO notes that health insurance products where members choose efficient providers will socialize health risk without subsidizing inefficient decisions among select members - such a model could yield substantial savings for employees and foster competition for efficiency among providers. Examination of Healthcare Cost Trends and Cost Drivers Pursuant to G.L. c. 12C, § 17, Report for Annual Public Hearing under G.L. c. 12C, § 17, Commonwealth of Massachusetts Office of the Attorney General, October 13, 2016.

[70] Blinded employer data obtained from a benefits consulting firm serving the region. All data has been anonymized to protect privacy.

costs. Further, as NewCo treats more patients through favorable positioning with employers, the Commonwealth would benefit as more volume is shifted away from higher cost providers, as evidenced in ***F1.a.iii***. While the primary goal is to reduce costs through effective utilization of the NewCo system as a lower-cost option, the secondary reality is that high cost providers would be pressured to compete on price in a new way for the Massachusetts healthcare market.

We intend to solicit partnerships from multiple payers in new high-value tiered network products. Even if only some payers elect to offer such products, it is the Parties' belief that formation of some insurance products with NewCo's high-value tiered network will drive significant competition in the payer marketplace. Payers that do not offer such a product will face significant price and quality competition from those payers that do offer such products.

An insurance design that offers savings by incentivizing use of lower cost, high-quality providers presents a significant and historic opportunity to lower overall healthcare spending in the Commonwealth. Over time, NewCo intends to consider other innovative insurance product opportunities to further reduce current disparities and inequities in the coverage and cost of purchasing health insurance.

Overall, truly transforming the Massachusetts healthcare market and meeting the Commonwealth's objectives to manage the growth of healthcare expenditures requires a market-based solution which rewards consumers seeking a higher value, efficient provider system and relays savings realized back to those consumers. NewCo, a low-cost, high-quality system, is the keystone of this market-based solution.

Improving Care for Medicaid Members

The MassHealth ACO Program represents a key way that NewCo will work to improve health outcomes and quality of life while reducing health inequity. Lacking the financial means to pay for commercial health insurance represents an important component of health inequity.[71] Furthermore, the MassHealth population is more affected by the social determinants of health than many commercially insured individuals.

The Parties have instituted clinical interventions for use in the low income population. To reduce these inequities for underserved populations, like those with lower incomes or disabilities that are covered through Medicaid, LCPN and BIDCO have been selected to participate in the recently launched MassHealth ACO Program. NewCo believes that the innovative care delivery model envisioned by the Commonwealth's Medicaid program provides an important and exciting opportunity to improve health for some of the Parties' most vulnerable patients. LCPN is participating as a Managed Care Organization-Administered ACO (Model C) with approximately 13,000 members, while BIDCO is participating as an Accountable Care Partnership Plan (Model A) with Tufts Health Public Plans ("THPP") serving approximately 48,500 members. **Exhibit 13** details both LCPN's and BIDCO's initiatives for the MassHealth ACO Program.

[71] Powell, A., The Costs of Inequality: More Money Equals Better Healthcare and Longer Life, U.S. News and World Report, February 2016.

Enhancing Community-Based Public Health Services

As a community resource and asset to the Commonwealth, each Party recognizes the importance of establishing strong relationships with local health departments, public service, and other non-profit community-based organizations. As such, the Parties work with a variety of partners within local communities to improve the health of those in need. Examples of key partnerships, as well as ongoing and recently completed initiatives that each system is working on in select local communities are presented in **Exhibit 14**. While by no means an exhaustive list, these examples, described in each hospital's community benefits report, are representative of the broad scope of the work each Party is pursuing to reduce health disparities and inequities. In addition to coordinating to provide the most impactful programs that meet local community needs, through the proposed affiliation NewCo can strengthen existing relationships with community health centers ("CHCs") and community-based clinics.

As a primary focus, NewCo will support local care delivery and health outcomes improvement. The Parties anticipate programs like those outlined in **Exhibit 14** will continue, and will be executed at the local level to best meet the unique needs of each community and patient demographic NewCo serves. There is also an opportunity, however, to collaborate on community benefits program and CHNA development to leverage and maximize best practices and decrease duplication of effort, thereby improving impactful community initiatives. Collaboration can also help the Parties to identify needs that are most prevalent for the surrounding population that may warrant a more central, systemic approach and greater resources to address.

Positively Impacting Local Economies

NewCo's commitment to bolstering local community hospitals, as expressed through past affiliations and cited in ***F1.a.iii***, does more than make care more accessible and at lower cost in local communities. It also ensures a more secure future for NewCo affiliated community hospitals and greater economic vitality in the surrounding communities. As NewCo's community hospitals are major employers in local communities, strengthening community hospitals increases the economic vitality of those communities while addressing some underlying causes of health inequities, including employment status[72].

EVIDENCE OF STRENGTHENING CARE IN LOCAL COMMUNITIES

Historically, BIDMC and Lahey have shown dedication to improving the economic vitality of community hospitals post-affiliation:

- When Northeast Hospital Corp. affiliated with Lahey in 2012, it was operating at a one percent margin for combined Addison Gilbert Hospital and Beverly Hospital operations. Although Addison Gilbert Hospital only has approximately 2,000 discharges per year and is only 13 miles from Beverly Hospital, Lahey has remained committed to strengthening the hospital and growing services for the community. Since the affiliation, Lahey has invested $8 million in Addison Gilbert Hospital facilities and intends to enhance access to

[72] Robert Wood Johnson Foundation, How Does Employment—or Unemployment—Affect Health? March 2013.

keep patients close to home.

- A similar story of commitment to community hospital vitality can be found at BIDMC. Merging with BIDMC provided BID-Milton with financial stability and clinical service advancement, including strengthening primary care access in the community and adding specialty services including robotic surgery, bariatrics, and spine. These enhanced services helped BID-Milton to retain market share despite operating in a highly competitive environment.
- Major investments were made at BID-Needham over the past several years, to ensure its vitality including a new ED, new inpatient wing, new perioperative suite, and a comprehensive cancer center. In addition, a marked expansion of both primary and specialty providers was successfully executed in that market.

NewCo members have an established history of growing, not closing, facilities of its community affiliates post-affiliation. As a matter of fact, the community assets of both the BIDMC and Lahey systems have been among the fastest growing in the Commonwealth over recent years. It is NewCo's intent to continue to pursue growth strategies, such as clinical service expansion, new program development, and access to physicians locally, as part of this affiliation. Not only is this a key component of expanded access, but it also helps to ensure the Parties' hospitals continue to serve as strong local employers throughout Massachusetts.

ECONOMIC BENEFIT EXAMPLE: ANNA JAQUES

Like other community hospitals (Winchester Hospital, Northeast Hospital Corp., BID-Milton, BID-Needham, BID-Plymouth) joining Lahey or BIDMC in the past, Anna Jaques' leadership envisioned the hospital as providing vibrant healthcare for the community, but had concerns regarding the hospital's sustainability long-term as an independent provider. Despite a significant turnaround and sustained improvement in financial performance over the past decade, it remains difficult for Anna Jaques to make strategic capital and operating investments to offer clinical services to best meet community needs. The benefits that accrued to Beverly Hospital and Addison Gilbert Hospital upon affiliation with Lahey are expected to accrue to Anna Jaques under NewCo. Additionally, the comprehensive, high-quality services offered by NewCo hospitals, as well as the collective NewCo brand, will result in improved care options for residents of the Anna Jaques service area, addressing the need for local specialty care and reducing outmigration.

There are three parts to quantifying a community hospital's economic benefit: economic impact, employment, and labor income;[73] which together affect the employment rate and income levels of the community, and are underlying factors that lead to health inequality.[74] Improving Anna Jaques viability, for example, will have a positive effect on economic growth, the employment rate, income earned, and the availability of vital healthcare resources within its service area, further enabling the hospital to address health inequities.

[73] Regional Input-Output Modeling System, The U.S. Department of Commerce.
[74] Disparities in Health, Health Disparities Council, Mass.Gov, 2011.

Appropriate transfer of patients among NewCo hospitals can support NewCo's strategy to reduce overall TME by shifting lower-acuity patients residing in the Lower Merrimack Valley from higher cost providers to Anna Jaques. Such shifts will enhance the economics of Anna Jaques, while decreasing overall healthcare expenditures (as discussed in response to **2.1**, Anna Jaques' relative price is 0.76).

Anna Jaques employs approximately 1,000 employees. This metric represents the impact of the other two components of economic benefit provided by community hospitals – employment and labor income. Together, these measures indicate the impact hospitals have on jobs generated, the employment rate, and household income. By enhancing the hospital and its clinical services, NewCo will address the health inequities caused by unemployment, low income, and poor access to local specialty services.

While the Parties to the affiliation already work hard to reduce health inequities, collaboration and joint support across the system will elevate their ability to address these issues. Ultimately, the Parties envision a future where all patients are cared for by the highest quality provider at an affordable price closest to their home, resulting in tangible gains for all: improved health status and outcomes, lower overall healthcare expenditures, and increased economic benefit for local communities.

F1.b.iv

Provide additional information to demonstrate that the Proposed Project will result in improved health outcomes and quality of life of the Applicant's existing Patient Panel, while providing reasonable assurances of health equity.

For information related to how the proposed project will impact health outcomes and quality of life, see response to question ***F1.b.ii***. For detail related to the proposed project's impact on health equity, see the response to ***F1.b.iii***.

F1.c

Provide evidence that the Proposed Project will operate efficiently and effectively by furthering and improving continuity and coordination of care for the Applicant's Patient Panel, including, how the Proposed Project will create or ensure appropriate linkages to patients' primary care services

Improving continuity and coordination of care is an essential tenet of the affiliation and the vision to create a transformative healthcare system that provides the appropriate level of care for patients, at the highest level of quality, for lower costs. Through the creation of NewCo CIN, NewCo can create a seamless patient experience across sites and care settings by focusing on a patient-centered care model driven by the primary care physician, while also working toward the following:

- Improve patient experience, quality, and coordination of care as clinical information is

available to all clinicians within the system

- Reduce costs in risk contracts as patients who experience smooth transitions and better coordinated care stay within NewCo's system of high-value and lower cost providers rather than leaving the system to seek care at more expensive providers
- Enable primary care physician practices to fulfill their central role in coordinating and directing patient care needs

NewCo Parties each have a strong history of effective care coordination, from primary care to specialty care, including hospital care at the community, teaching, and academic settings, and within their post-acute networks. This coordination has resulted in the Parties' competitive performance on quality and satisfaction metrics (see response to ***F1.b.ii***). Continuity will be better enabled at all levels of the organization through the ability to invest in effective clinical integration, IT infrastructure to improve provider communication, and quality oversight/governance. Each of these drivers of continuity and coordination of care is described further below.

Clinical Integration

Robust population health management efforts provide continuity and coordination that spans populations and payers – engaging patients along all stages of the care continuum and contracting with both public and private payers. As standalone systems, the Parties have been committed to improving and furthering such population health management efforts through mechanisms such as their affiliated networks (BIDCO, LCPN, and MACIPA) and by placing primary care providers at the center of care. These systems hold contracts with various public and private payers, which include participation by their employed and affiliated physicians. Further, through the creation of NewCo CIN (as previously described in the response to ***2.1***), efficiencies can be created in joint population health infrastructure across the network.

Additionally, NewCo will continue to pursue innovative ways to enhance coordination and population health such as through state initiatives like the MassHealth ACO Program and HPC ACO Certification Program, to serve as a foundation for creating relationships with other plans in the future. Other specific examples of the Parties' commitment to enhancing the effectiveness of alternative payment models include involvement with the following bundled payment initiatives:

- NEBH and its physicians have been providing care to group insurance commission/Unicare members requiring joint replacement through a bundled payment program designed to increase accountability for specialty care for a surgical episode of care. The organization has been able to manage successfully within the established budget and reinvest shared savings in infrastructure required to advance bundled payment capabilities. Further, NEBH was selected by General Electric based on its specialty expertise, quality, patient experience and efficiency as one of six national centers of excellence for joint replacement surgery in 2016. NEBH will bring its expertise in bundled payment design and development to NewCo.
- LHMC implemented their first bundle, Total Joint Arthroplasty, in January 2014, growing

their BPCI scope to include four additional bundles over the past few years. Additionally, Lahey participates in the OCM despite already being below the national average cost. Rather than participating to earn incentives, participation was a strategic decision to support CMS initiatives, gain experience in alternative payment models, and standardize processes across the system. It is Lahey's intent to continue to pursue additional bundled payment programs in the future, whether CMS mandated or voluntary.

BIDCO, LCPN, MACIPA, and NEBCIO have also demonstrated their effectiveness in managing TME and quality (as discussed in response to question ***F1.a.iii***.). However, as payer performance requirements become more refined and rigorous, and payer payments for infrastructure tighten, it is difficult to continue to invest adequately in the infrastructure required for risk contract success. The affiliation will allow infrastructure costs to be spread across a larger population and best practices to be shared among the organizations. Neither of these benefits (lower cost through shared infrastructure or sharing and dissemination of best practices) can be fully realized in relationships built on contractual relationships alone.

Information Technology Infrastructure

Care continuity and coordination are further bolstered by IT infrastructure, and tools designed to effectively manage care across locations and sites of care. BIDCO and LCPN have invested in IT systems that aggregate information from a variety of EHRs allowing them to share information among their affiliated hospitals, contracted, and employed physicians. Enhanced population health management tools, data aggregators, programs to stratify risk, and communication enhancement among providers are key focus areas for the NewCo CIN and NewCo more broadly.

While IT infrastructure will undergo a continuing series of improvements, specific accomplishments to date include:

- Access to real-time clinical data: Community hospitals and physicians that enter the BIDMC system have real-time access to patient medical records through a cloud-based system, allowing all hospitals to see notes from consultations and other pertinent clinical data occurring throughout the system at any location and level of care. This is a powerful tool for driving real-time care coordination and continuity, providing up-to-date information when it is needed by the clinician and potentially avoiding costly duplicative testing. This real-time visibility of the patient record is also enabled across BIDCO locations and providers. An affiliation will support expanding this type of capability across providers regionally, supporting a more integrated and comprehensive care solution for patients, reducing the need for patients to seek care at expensive providers outside the system, and spreading the costs of the IT over a greater number of providers and patients, thereby reducing costs. Further, these hospitals are provided access to all system clinical practice guidelines to promote care standardization across system locations.
- Population health management analytics: LCPN's population health management platform interfaces with EHRs to help manage risk, facilitate care management, and complete prospective analytics to identify disease burden in the population and develop targeted programs based on clinical risk. This allows LCPN to focus additional care

coordination resources to specific patients who need them most.

- Integrated ambulatory and inpatient EHR: Mount Auburn, its employed physicians, and many affiliated physicians have recently completed a multi-year EHR conversion, representing a major investment in technology to improve system coordination.

Sharing a bottom line through a fully integrated delivery system would enable the Parties to jointly invest in scaling data management and analytic systems that work to improve coordination among all member hospitals, physicians, and the patients. For example, if a patient arrives at the ED of Mount Auburn and had received lab testing and imaging at a physician office in the week prior, the interoperable IT would enable the receiving physician and nurses at Mount Auburn to see these results in their system.

Additionally, shared investment in population health management infrastructure would allow community hospitals such as Anna Jaques and Mount Auburn to access technology, analytics, and staff that would not be feasible to obtain and maintain as standalone organizations and allow NewCo to build on the best aspects of each organization that supports coordination, continuity, efficiency. This would further accelerate progress in reducing the rate of cost growth in Massachusetts by better positioning NewCo to succeed in risk contracts.

Quality Oversight/Governance

As illustrated in the response and data provided in ***F1.b.ii***, NewCo Parties have a strong record of service and quality results from which to build and create a future competitive advantage in the market. These quality results are enabled by coordinated efforts to share best practices and drive improvements at the system level through a high level of visibility and senior team focus on quality improvement.

For example, BIDMC community hospital Chief Medical Officers ("CMO") sit on the system board quality committee and system board quality members are engaged at the local governance level to ensure communication and alignment of quality goals. BIDCO also has several committees and work groups to facilitate multi-way communications about best practices to achieve the organization's quality goals, including quarterly meetings of the system CMO's, risk unit meetings (meetings of the hospital and physician groups who share risk together), and pod meetings (physician-led meetings of primary care physicians ("PCPs") within a risk unit). A similar system structure of organizational quality leaders coming together to share best practices across the system is employed throughout the Lahey system.

Through the affiliation of organizations with strong, demonstrated quality results and engrained cultures of continuous improvement, NewCo hospitals and affiliated physicians have the opportunity for further improvement of quality results though an enhanced and centralized quality governance structure. As demonstrated by the Boards of Trustees of the Parties, the NewCo Board of Trustees will view quality, service and engagement as a top priority. A NewCo system quality and governance structure that promotes quality and safety at the highest levels of the organization, and engages leaders and clinicians at each local organization, will be a critical component and key focus of the fully integrated system.

Linkages to Primary Care

NewCo is confident that strong physician alignment and engagement will drive the clinical and cost-effective outcomes desired. These initiatives will be driven by NewCo CIN and supported by the hospitals. For example, following affiliation, NewCo will support the expansion of primary care services available in the Anna Jaques service area, including the recruitment of additional primary care physicians. A collaborative approach to development of best-in-class outpatient and primary care capabilities will propel NewCo to achieve favorable health outcomes for its patients.

Additionally, the Parties will continue to enhance other key linkages to primary care services, such as the historical alignment with regional CHCs and Federally Qualified Health Centers. These relationships allow providers to address the needs of all populations, in accordance with the legacy missions of each Party and the future vision of NewCo.

The Parties have developed and implemented a variety of initiatives to transform the care delivery model and enhance patient panel access to primary care. Examples include:

- Assignment of a PCP and scheduling for post-discharge follow-up for patients who enter a Lahey ED and do not have a primary care provider and scheduling of PCP visits within seven to 14 days of discharge from Mount Auburn to enhance transitions from the hospital to home
- Efforts to enhance PCP recruitment and maximize use and top-of-license functionality for advanced practitioners, expanding primary care capacity
- Assisting primary care practices in obtaining patient-centered medical home accreditation
- Utilizing care managers and care coordinators to facilitate patient transitions and navigation across care sites
- Distributed primary care sites in the community
- The integration of behavioral health staff into primary care practices at Lahey and BIDMC to more effectively address underlying behavioral health issues contributing to comorbidities in the patient panel
- Enhancing physician communication through technology, for example, all BIDMC physicians have secure access to see patient records of all patients seen in a primary care setting, including those of affiliated physicians and those on other medical records; these linkages ensure physicians have comprehensive patient information at all sites of care

F1.d

Provide evidence of consultation, both prior to and after the Filing Date, with all Government Agencies with relevant licensure, certification, or other regulatory oversight of the Applicant or the Proposed Project.

All Parties coordinated an effective process to engage relevant stakeholders. The Parties consulted with the following agencies regarding the objectives of participating in the NewCo affiliation, the potential impact on the patient panel, and the public health value the affiliation would provide:

- Department of Public Health on June 5, 2017
- Massachusetts Health Policy Commission on June 22, 2017
- CHIA on July 10, 2017
- Office of Attorney General of Massachusetts on July 10, 2017
- MassHealth on August 2, 2017
- Department of Mental Health on August 16, 2017

F1.e.i Process for Determining Need/Evidence of Community Engagement

For assistance in responding to this portion of the Application, Applicant is encouraged to review Community Engagement Standards for Community Health Planning Guideline. With respect to the existing Patient Panel, please describe the process through which applicant determined the need for the Proposed Project.

The Parties' senior leaders, through their community benefits, community relations, and government relations teams maintain strong relationships with local community partners. Their activity and engagement in local communities allows them to facilitate institutional dialogue and collaboration with area residents, community-based organizations, and public health experts on an ongoing basis to understand community health and social needs and emerging health trends.

Supplemental to these efforts, and consistent with the Affordable Care Act requirements for 501(c)(3) hospital organizations and the AGO's Community Benefit Guidelines for Non-Profit Acute Care Hospitals, each NewCo hospital completed a comprehensive CHNA in 2015 or 2016 and each hospital Board of Directors approved a CHIP. The CHNA process was designed to assess each hospital's community benefits service area needs, with a focus on the most vulnerable populations. The CHNAs and CHIPs were completed in three phases, as shown in **Exhibit 15**.

Common needs across all NewCo hospital service areas are improved access to high-value care, enhanced prevention and better management of chronic diseases, expanded access to behavioral health services, and streamlined coordination of care across providers.

The Parties are aware that Massachusetts has among the highest healthcare costs in the nation, and that high costs have a negative effect on patient access. In response to the findings of CHIA's Annual Report Series on Relative Price and the recent Annual Healthcare Cost Trends Reports and confounding market factors (i.e., reimbursement reductions, APM expansion, etc.), the management, clinicians, and Board of Directors of BIDMC and Lahey jointly decided to address the need for a high-value, competitive health system.

An initial joint planning process between BIDMC and Lahey involved the exploration of strategic alternatives and led to the invitation for all CareGroup entities and Anna Jaques to join NewCo. Further planning progressed, with the approval of all the Boards of Directors, and the inclusion of all Parties, to consider how the organizations could best address the needs of patients in Massachusetts. The outcome of numerous independent and joint discussions and analysis led to the conclusion that a full affiliation, with the creation of a single corporate entity, best positions NewCo to meet the needs of the population. Consistent with the Parties individual philosophies, NewCo is committed to providing a high-value, competitive alternative in the community that addresses the clinical needs identified herein and reduces the healthcare cost burden on Massachusetts residents.

Directly, the affiliation will provide patients with an enhanced network of clinical services to meet their needs. Over time, sharing best practices, rationalizing tertiary utilization to provide care at the right place for the right cost, and investing in population health management infrastructure, will create a robust value-driven system that provides quality care to the patients of Massachusetts.

F1.e.ii

Please provide evidence of sound Community Engagement and consultation throughout the development of the Proposed Project. A successful Applicant will, at a minimum, describe the process whereby the "Public Health Value" of the Proposed Project was considered, and will describe the Community Engagement process as it occurred and is occurring currently in, at least, the following contexts: Identification of Patient Panel Need; Design/selection of DoN Project in response to "Patient Panel" need; and Linking the Proposed Project to "Public Health Value".

Community engagement related to the proposed project began when the Parties conducted CHNAs and identified community needs, as discussed in ***F1.e.i***. This process entailed key informant interviews, community forums, and random household surveying to gain direct input from community members. Building on the CHNA community engagement plans, an additional targeted engagement strategy was developed. Several local health departments and local non-profit representatives were invited to meetings where local hospital leaders consulted with them on the impact of the proposed affiliation. Please see **Exhibit 16** for a list of meeting dates and the number of attendees. Invitations were sent to local public officials and a variety of community groups, such as:

- Organizations representing public health: Local public health departments, Community Health Network Areas, and community substance abuse coalitions
- Organizations serving seniors: Councils on Aging and regional senior service agencies
- Organizations serving youth: YMCAs, Boys and Girls Clubs, Youth and Family Services, School department officials
- Organizations serving vulnerable populations: CHCs, social service agencies providing homeless services, food access and job training services, and those serving underserved

and diverse populations

- Organizations representing local businesses: Chamber of Commerce
- First responders: Police, Fire, EMTs
- Local elected officials: Town Manager/Mayor, State Representative and State Senator

Additionally, many of the Community Benefits Advisory Group, Patient and Family Advisory Councils, and medical staffs at each hospital were educated on the proposed affiliation and provided the opportunity to ask questions and give feedback. A meeting was also held with the CEO's of the Community Care Alliance CHCs.

NewCo Parties also engaged in extensive discussions with employees at all levels through town halls and other local forums.

Lastly, in addition to submitting notices of intent to affiliate to all daily newspapers in each Party's respective communities (copies of which are provided as an Attachment to this application), circulated notices to the following weekly publications to ensure all the communities collectively served were notified of the Parties intent:

- Beverly Citizens
- Burlington Union
- Daily Item
- Danvers Herald
- Needham Times
- Milton Times
- Quincy Sun
- Randolph Herald
- Wicked Local North of Boston

This community engagement process will continue throughout the regulatory process, and beyond affiliation as NewCo strives to meet the needs of Massachusetts residents by working towards a multi-faceted mission to:

- Serve patients compassionately and effectively, and to create a healthy future for them and their families
- Provide extraordinary, personalized care, where the patient comes first, supported by world-class education and research
- Recognize the diversity, talent, innovation, and commitment all employees contribute to NewCo's strength and success