

NOTICE OF MATERIAL CHANGE

DATE OF NOTICE: 7/13/2017

1. Name: Seacoast Regional Health Systems, Inc. ("SRHS")

	Federal TAX ID #	MA DPH Facility ID #	NPI #
2.	22-2814214	N/A	N/A

CONTACT INFORMATION

3. Business Address 1: 25 Highland Ave.

4. Business Address 2:

5. City: Newburyport State: MA Zip Code: 01950

6. Business Website: N/A

7. Contact First Name: Mark Contact Last Name: Goldstein

8. Title: President and CEO

9. Contact Phone: 978-463-1010 Extension:

10. Contact Email: mgoldstein@ajh.org

DESCRIPTION OF ORGANIZATION

11. Briefly describe your organization.

SRHS, a Massachusetts non-profit corporation, is the sole corporate parent of Anna Jaques Hospital ("AJH") and certain other direct and indirect subsidiaries providing health care services in the AJH service area. AJH is a non-profit community hospital serving 17 cities and towns in Merrimack Valley, North Shore and Southern New Hampshire. AJH is recognized for providing high quality, low cost health care with an emphasis on patient satisfaction. Among others, AJH's services include emergency care, maternity care, cancer care, surgery, and wound care.

TYPE OF MATERIAL CHANGE

12. Check the box that most accurately describes the proposed Material Change involving a Provider or Provider Organization:

- A Merger or affiliation with, or Acquisition of or by, a Carrier;
- A Merger with or Acquisition of or by a Hospital or a hospital system;
- Any other Acquisition, Merger, or affiliation (such as a Corporate Affiliation, Contracting Affiliation, or employment of Health Care Professionals) of, by, or with another Provider, Providers (such as multiple Health Care Professionals from the same Provider or Provider Organization), or Provider Organization that would result in an increase in annual Net Patient Service Revenue of the Provider or Provider Organization of ten million dollars or more, or in the Provider or Provider Organization having a near-majority of market share in a given service or region;
- Any Clinical Affiliation between two or more Providers or Provider Organizations that each had annual Net Patient Service Revenue of \$25 million or more in the preceding fiscal year; provided that this shall not include a Clinical Affiliation solely for the purpose of collaborating on clinical trials or graduate medical education programs; and
- Any formation of a partnership, joint venture, accountable care organization, parent corporation, management services organization, or other organization created for administering contracts with Carriers or third-party administrators or current or future contracting on behalf of one or more Providers or Provider Organizations.

13. What is the proposed effective date of the proposed Material Change? 12/31/17

MATERIAL CHANGE NARRATIVE

14. Briefly describe the nature and objectives of the proposed Material Change, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of Health Care Services) and whether any changes in Health Care Services are anticipated in connection with the proposed Material Change:

The objective of the proposed Material Change is to create the level of economic and clinical integration required to establish a new health care delivery system in Eastern Massachusetts – one that is well positioned to provide consumers with a high-value market alternative to help the Commonwealth lower health care costs.

CareGroup, Inc. (the parent of Beth Israel Deaconess Medical Center, Inc. (BIDMC), which includes Beth Israel Deaconess Hospital-Milton, Inc., Beth Israel Deaconess Hospital – Needham, Inc., and Beth Israel Deaconess Hospital – Plymouth, Inc., New England Baptist Hospital, and Mount Auburn Hospital), Lahey Health System, Inc. (LHS) (the parent of Lahey Clinic Hospital, Inc., Northeast Hospital Corp., and Winchester Hospital), and SRHS, together will create a new, non-profit charitable corporation (NewCo), which will serve as a comprehensive, distributed, and high-value health care system in Eastern Massachusetts.

NewCo will become the sole corporate member of (i) each hospital within CareGroup, LHS, and SRHS; and (ii) a Clinically Integrated Network (NewCo CIN), which will be the sole corporate member of Beth Israel Deaconess Physician Organization, LLC d/b/a Beth Israel Deaconess Care Organization, Lahey Clinical Performance Network, LLC and Lahey Clinical Performance Accountable Care Organization, LLC. Mount Auburn Cambridge Independent Practice Association, Inc. will remain an independent corporate entity, but will participate in the design, management, and governance of, and become a participating provider in, NewCo CIN.

No funds will be exchanged among the parties as part of this transaction. There are no specific changes to Health Care Services planned as part of this affiliation at this time.

15. Briefly describe the anticipated impact of the proposed Material Change, including but not limited to any anticipated impact on reimbursement rates, care referral patterns, access to needed services, and/or quality of care:

NewCo providers are among the lowest cost relative to market peers. Bringing these providers together offers a procompetitive, high-quality, lower cost option that will benefit consumers and payers in the Commonwealth. The establishment of NewCo CIN allows NewCo to effectively manage total medical expenses and improve access, quality, and coordination of medical and behavioral health care. Through this organizational structure, NewCo will achieve the level of economic and clinical integration required to compete effectively and thereby help the Commonwealth meet its cost containment goals.

NewCo aims to positively impact the average cost of care by attracting patients to its lower cost provider network. As a financially integrated provider network, NewCo, along with NewCo CIN, will be better able to attract such patients and provide the right level of care within the system. The geographic coverage of NewCo and NewCo CIN will improve access for consumers to medical and behavioral health providers within a well-managed, integrated system of care that can be the foundation for tiered or narrow network insurance products. In addition, NewCo and NewCo CIN will build on the legacy of quality improvement pursued by each of the parties through improved access to patient information and the sharing of best practices, evidence-based medicine, and quality improvement infrastructure.

DEVELOPMENT OF THE MATERIAL CHANGE

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

None at this time.

17. Indicate the date and nature of any applications, forms, notices or other materials you have submitted regarding the proposed Material Change to any other state or federal agency:

None.

Note: SRHS anticipates filing a Determination of Need application with the Massachusetts Department of Public Health and participating in the review of the proposed transaction which may be conducted by the Massachusetts Attorney General's Office and the Federal Trade Commission, but has submitted no documents to these agencies as of this time.

SUPPLEMENTAL MATERIALS

18. Submit the following materials, if applicable, under separate cover to HPC-Notice@state.ma.us.

The Health Policy Commission shall keep confidential all nonpublic information, as requested by the parties, in accordance with M.G.L. c. 6D, § 13(c), as amended by 2013 Mass. Acts, c. 38, § 20 (July 12, 2013).

- a. Copies of all current agreement(s) (with accompanying appendices and exhibits) governing the proposed Material Change (e.g., definitive agreements, affiliation agreements);
- b. A current organizational chart of your organization
- c. Any analytic support for your responses to Questions 14 and 15 above.

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This signed and notarized Affidavit of Truthfulness and Proper Submission is required for a complete submission.

AFFIDAVIT OF TRUTHFULNESS AND PROPER SUBMISSION

I, the undersigned, certify that:

1. I have read 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews.
2. I have read this Notice of Material Change and the information contained therein is accurate and true.
3. I have submitted the required copies of this Notice to the Health Policy Commission, the Office of the Attorney General, and the Center for Health Information and Analysis as required.

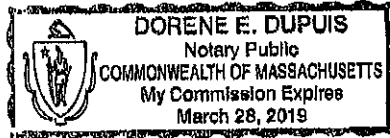
Signed on the 7th day of July, 2017, under the pains and penalties of perjury.

Signature: 

Name: Mark Goldstein

Title: President & CEO

FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:




Notary Signature

Copies of this application have been submitted electronically as follows:

Office of the Attorney General (1)

Center for Health Information and Analysis (1)