Massachusetts Department of Public Health
Determination of Need
Application Form

Version: DRAFT 3-15-17b

DRAFT

Application Type: Transfer of Ownership

Application Date: 07/17/2017 4:05 pm

Applicant Information

Applicant Name: Partners HealthCare System, Inc.

Mailing Address: 800 Boylston Street, Suite 1150

City: Boston State: Massachusetts Zip Code: 02199

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Facility Information

List each facility affected and or included in Proposed Project

1 Facility Name: Massachusetts Eye and Ear Infirmary

Facility Address: 243 Charles Street

City: Boston State: Massachusetts Zip Code: 02114

Facility type: Hospital CMS Number: 220075

Add additional Facility | Delete this Facility

1. About the Applicant

1.1 Type of organization (of the Applicant): nonprofit

1.2 Applicant's Business Type: (•) Corporation ( ) Limited Partnership ( ) Partnership ( ) Trust

1.3 What is the acronym used by the Applicant's Organization? PHS

1.4 Is Applicant a registered provider organization as the term is used in the HPC/CHIA RPO program? (•) Yes ( ) No

1.5 Is Applicant or any affiliated entity an HPC-certified ACO? ( ) Yes (•) No

1.6 Is Applicant or any affiliate thereof subject to M.G.L. c. 6D, § 13 and 958 CMR 7.00 (filing of Notice of Material Change to the Health Policy Commission)? (•) Yes ( ) No

1.7 Does the Proposed Project also require the filing of a MCN with the HPC? (•) Yes ( ) No

1.7.a If Yes, has Material Change Notice been filed? (●) Yes ( ) No

1.7.b If yes, provide the date of filing. 04/03/2017

1.8 Has the Applicant or any subsidiary thereof been notified pursuant to M.G.L. c. 12C, § 16 that it is exceeding the health care cost growth benchmark established under M.G.L. c. 6D, § 9 and is thus, pursuant to M.G.L. c. 6D, §10 required to file a performance improvement plan with CHIA? ( ) Yes (●) No

1.9 Complete the Affiliated Parties Form

2. Project Description

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

Partners HealthCare System, Inc. ("Applicant") located at 800 Boylston Street, Suite 1150, Boston, MA 02199 is filing a Notice of Determination of Need with respect to the change in corporate control of Massachusetts Eye and Ear Infirmary ("MEEI") located at 243 Charles Street, Boston, MA 02114. The Applicant intends to acquire control of MEEI by becoming the sole corporate member of MEEI's parent organization, Foundation of the Massachusetts Eye and Ear Infirmary, Inc. ("MEE") (the "Transaction"). MEEI is a not-for-profit, acute care hospital specializing in and dedicated to the care of, and research and teaching relating to, disorders that affect the eye, ear, nose, throat and adjacent regions of the head and neck. For the purposes of this application, the Applicant together with its owned and affiliated provider organizations is referred to collectively as "Partners HealthCare" and in certain cases as the "Applicant's ACO."

In evaluating the proposed transaction, the Applicant reviewed Partners HealthCare's patient panel data to determine the need for specialty eye, ear, nose and throat services. Assuming the demographic trends within Partners HealthCare's managed lives population are similar to that of the state at large, it is expected that Partners HealthCare will continue to see growth in the 65+ age cohort within its patient panel. Given that disease prevalence rates increase with age, it is expected that the number of managed lives diagnosed with diseases that are risk factors for eye, ear nose and throat related conditions (e.g. diabetes, oral cavity and pharynx cancer, etc.) will increase, resulting in a growing need within the Applicant's patient panel for access to ophthalmology ("OPH") and otolaryngology ("ORL") services.

However, because of current developments in the Massachusetts healthcare market, including ongoing provider consolidation and the growing prevalence of risk bearing arrangements and population health management, the Applicant and MEE believe that the Transaction is necessary to enable the Applicant to meet this patient need and to ensure the ongoing viability of MEE's clinical and research mission in relation to OPH and ORL services. In the case of the Applicant these market forces necessitate the implementation of an accountable care organization ("ACO") that includes a broad range of clinical services, including specialty services such as OPH and ORL, and integrated models of care to ensure that patients are appropriately and effectively managed across the full continuum of care.

In the case of OPH and ORL services, the Applicant plans to use the Transaction to redesign the delivery of these services within Partners HealthCare to align with the objectives of an ACO model, providing increased access and more integrated services to achieve better quality outcomes and improved patient care management. Although MEEI currently serves as the OPH and ORL specialty care provider for The Massachusetts General Hospital ("MGH") and the OPH provider for Brigham and Women's Hospital ("BWH"), there is little integration of MEE's specialty services with the community-based provider members of the Applicant's ACO. And even with MGH and BWH, the lack of full financial, operational and clinical integration of MEE with Partners HealthCare creates barriers to the optimization of integrated care delivery in an ACO model. For example, because of the limitations on the sharing of protected health information imposed by HIPAA, MEE and Partners HealthCare clinicians do not have full access to the medical records of all of their respective patients. Making MEEI a fully integrated member of the Partners HealthCare will allow the Applicant to remove these legal barriers, and the Applicant's ACO will have the provider components and integrated information and care management systems necessary to effectively manage the OPH and ORL needs of its patient panel through seamless transitions between primary care and specialty providers who will be able to make real-time and coordinated decisions about the care of their patients.

The Transaction also will ensure the financial viability of MEE and ensure that it can continue to provide world-class OPH and ORL services in the Commonwealth and conduct cutting-edge research seeking cures for deafness and blindness. With respect to clinical care, the market forces described above (integrated ACOs, risk sharing reimbursement models and population health management) threaten the financial stability of MEE. Lacking its own primary care network, MEE depends heavily on referrals of patients from other providers. However, as these providers join integrated ACOs, with extensive population health management programs and related financial incentives, these providers are being increasingly directed to reduce utilization of specialty care services, including those provided by MEE, and to reduce referrals of such specialty care services to non-ACO providers, such as MEE. Even if MEE participated contractually with an ACO, without its own primary care base – and thus no patient "members" attributed to it – MEE cannot share directly in any savings generated by the ACO under risk sharing arrangements. Further, even though it is a specialty hospital (as defined by CHIA), MEEI incurs the same fees that are levied by the state on acute-care hospitals to support the MassHealth ACO delivery model, but as indicated above without its own primary care members, MEEI is unable to benefit financially from the ACO delivery model. In short, MEE has no way to benefit from today's risk-based ACO healthcare market short of becoming a fully integrated member of an ACO

like Partners HealthCare.

Additionally, there is significant pressure to keep third party rates down while the costs of providing excellent patient care increases. For example, the costs of safely compounding pharmaceuticals and the costs of nursing labor have increased substantially, adding millions in costs to hospital providers. Becoming a part of Partners HealthCare would alleviate some of the pressures of this financially challenging environment by allowing MEE to purchase goods and services at a lower cost through Partners HealthCare's vendor arrangements, avoiding the cost of building new operating rooms in the community by utilizing Partners exiting locations, achieve a lower cost of capital by participating in Partners Healthcare's borrowing arrangements, spread research and administrative expenses over a larger base and otherwise benefit from being part of a large and financially stable system.

MEE's important research mission is also threatened by external forces. Reductions in federal research funding and the above-described pressures on clinical margins mean that MEE's premier research program must rely heavily on philanthropy, which can have an adverse impact on the long term financial stability of these programs. As a part of Partners HealthCare, MEE would be able to utilize a much larger and more efficient research infrastructure and participate in Big Data, data storage and biobank development, all of which will create material cost savings and more opportunities for clinical innovation. Also, in relation to medical education, reductions in CMS support for medical education coupled with increased fees from medical schools have greatly reduced the funding available to MEE for teaching and training the clinical leaders of tomorrow. As an integrated member of Partners HealthCare, MEE will be able to reduce its costs by using Partners extensive medical education infrastructure.

In short, if MEE does not find relief from these financial pressures, it will soon find it difficult to maintain all aspects of its clinical, research and teaching missions. On the other hand, becoming an integrated member of Partners HealthCare through the Transaction will ensure the viability of MEE and allow it to maintain its position as a premier specialty hospital with a thriving research and teaching mission.

Furthermore, by ensuring the viability of MEE, the Transaction will enable MEE to continue to be a resource for specialty services for patients across the Commonwealth, including patients outside of the Applicant's ACO. The Transaction documents include a specific commitment by both parties that MEE will continue to provide access to its specialty care services by patients in other networks.

2.2 and 2.3 Complete the Change in Service Form

3. Delegated Review

3.1 Do you assert that this Application is eligible for Delegated Review? ○ Yes ◉ No

4. Conservation Project

4.1 Are you submitting this Application as a Conservation Project? ○ Yes ◉ No

5. DoN-Required Services and DoN-Required Equipment

5.1 Is this an application filed pursuant to 105 CMR 100.725: DoN-Required Equipment and DoN-Required Service? ○ Yes ◉ No

6. Transfer of Ownership

6.1 Is this an application filed pursuant to 100 CMR 100.735? ◉ Yes ○ No

6.2 If Yes, Is Applicant's Proposed Project subject to 958 CMR 7.00 (Notices of Material Changes and Cost and Market Impact Reviews)? ◉ Yes ○ No

6.3 Does the Proposed Project constitute the transfer of the Health Care Facility's license in its entirety to a single transferee? ○ Yes ◉ No

6.4 Which of the following most closely characterizes the Proposed Project;

- ○ A transfer of a majority interest in the ownership of a Hospital or Clinic;
- ○ A transfer of a majority of any class of the stock of a privately-held for-profit corporation;
- ○ A transfer of a majority of the partnership interest of a partnership;
- ○ A change of the trustee or a majority of trustees of a partnership;
- ○ Changes in the corporate membership and/or trustees of a non-profit corporation constituting a shift in control of the Hospital or Clinic;
- ○ Foreclosure proceedings have been instituted by a mortgagee in possession of a Hospital or Clinic;
- ◉ A change in the ownership interest or structure of a Hospital or Clinic, or of the Hospital or Clinic's organization or parent organization(s), such that the change results in a shift in control of the operation of the Hospital or Clinic.

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

Partners HealthCare System, Inc. intends to become the sole corporate member of MEEI's parent organization, Foundation of Massachusetts Eye and Ear Infirmary, Inc. MEEI is a not-for-profit specialty hospital dedicated to the care of, and research and teaching relating to, disorders that affect the eye, ear, nose, throat and adjacent regions of the head and neck.

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 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.

The responses below outline how the proposed Transaction will affect Partners HealthCare's patient panel in regard to access and value.

6.7 **See section on Transfer of Ownership in the Application Instructions**

7. Ambulatory Surgery

7.1 Is this an application filed pursuant to 105 CMR 100.740(A) for Ambulatory Surgery? ○ Yes ◉ No

8. Transfer of Site

8.1 Is this an application filed pursuant to 105 CMR 100.745? ○ Yes ◉ No

9. Research Exemption

9.1 Is this an application for a Research Exemption? ○ Yes ◉ No

10. Amendment

10.1 Is this an application for a Amendment? ○ Yes ◉ No

11. Emergency Application

11.1 Is this an application filed pursuant to 105 CMR 100.740(B)? ○ Yes ◉ No

12. Total Value and Filing Fee

Enter all currency in numbers only. No dollar signs or commas. Grayed fields will auto calculate depending upon answers above.

Your project application is for: Transfer of Ownership

12.1 Total Value of this project:	$185,328,882.00
12.2 Total CHI commitment expressed in dollars: (calculated)	$0.00
12.3 Filing Fee: (calculated)	$370,657.76
12.4 Maximum Incremental Operating Expense resulting from the Proposed Project:	$0.00
12.5 Total proposed Construction costs, specifically related to the Proposed Project, If any, which will be contracted out to local or minority, women, or veteran-owned businesses expressed in estimated total dollars.	

13. Factors

Required Information and supporting documentation consistent with 105 CMR 100.210
Some Factors will not appear depending upon the type of license you are applying for.
Text fields will expand to fit your response.

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.

Partners HealthCare is a not-for-profit, integrated health care system that was formed in 1994 by an affiliation between The Brigham Medical Center, Inc. (now known as Brigham Health – BWH) and MGH. Partners HealthCare currently operates two tertiary and seven community acute care hospitals in Massachusetts, one community acute care hospital in Southern New Hampshire, one facility providing inpatient and outpatient mental health services and three facilities providing inpatient and outpatient services in rehabilitation medicine and long-term care. Partners HealthCare also operates physician organizations and practices, a home health agency, nursing homes and a graduate level program for health professionals. Partners HealthCare is a non-university-based nonprofit private medical research enterprise and its academic medical centers are principal teaching affiliates of the medical and dental schools of Harvard University. Partners HealthCare provides its services to patients primarily from the Greater Boston area and eastern Massachusetts, as well as New England and beyond. Additionally, Partners HealthCare operates a licensed, not-for-profit managed care organization that provides health insurance products to the MassHealth Program (Medicaid), Commonwealth Care (a series of health insurance plans for adults who meet income and other eligibility requirements) and commercial populations.

Partners HealthCare serves a large and diverse patient panel as demonstrated by the utilization data for the 36-month period covering FY2014-2016 and the first quarter of FY2017. [1] Appendix 1 provides this demographic profile for Partners HealthCare in table form. The number of patients utilizing Partners HealthCare's services has increased over the past three years, with 1,211,361 unique patients in FY2014, 1,255,589 unique patients in FY2015 and 1,299,981 unique patients in FY2016. [2] In the first quarter of FY2017, Partners HealthCare had 635,069 unique patients. Partners HealthCare's patient mix consists of approximately 41% males and 58% females. The Massachusetts Center for Health Information and Analysis ("CHIA") reports that Partners HealthCare's patient panel represents 19% of all discharges in the Commonwealth. [3] The system's case mix adjusted discharge rate is 22%. [4]

Partners HealthCare has seen a 4% increase in the number of patients it serves in the 65+ age cohort between FY14 and FY16. Current age demographics show that while the majority of the patients within Partners HealthCare's patient population are between the ages of 18-64 years of age (61-62% of total patient population), patients that are 65 and older make up a significant portion of the total patient population (25-28% of total patient population), and only 10-11% of Partners HealthCare's patients are between 0-17 years of age.

Partners HealthCare's patient panel reflects a mix of races. Data based on patient self-reporting demonstrates that in FY16, 71% of the total patient population identified as White; 6% identified as African American or Black; 4% identified as Asian; 2% identified as Hispanic/Latino; 0.1% identified as American Indian or Alaska Native; and 0.1% identified as Native Hawaiian or Other Pacific Islander. Since patients were grouped into these categories based on how they self-identified, [5] there is a portion of the patient population (17% in FY16) that either chose not to report their race or identified as a race that did not align with the above categories. Therefore, it is important to note that the racial composition of Partners HealthCare patient panel may be understated.

Partners HealthCare provides care to patients from a broad range of geographies including all fifty states. While Partners HealthCare's patient panel resides mainly in Eastern Massachusetts, there is a sizeable portion of the patient panel that resides outside of Massachusetts (12%, 162,301 patients). By applying the Department of Public Health's ("DPH") Health Service Area ("HSA") categories to FY16 data, 45% of Partners HealthCare's patients reside in HSA 4 (584,007 patients); 18% reside in HSA 6 (237,352 patients); 14% reside in HSA 5 (183,635 patients); 5% reside in HSA 3 (61,689 patients); 3% reside in HSA 2 (42,928 patients); 1% reside in HSA 1 (11,716 patients); and the origin of 27,391 patients or 2% of the panel is unknown.

Partners HealthCare also reviewed the number of patients since FY2014 who had an underlying eye and/or ear, nose and throat (ENT) condition(s). [6] In FY2016, 96,269 of Partners HealthCare's patients had an underlying eye condition(s), which accounted for approximately 7% of the total patient panel. Additionally, over 21% of Partners HealthCare's patients had an underlying ENT condition(s) in FY2016.

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 transfer of ownership will enhance the ability of Partners HealthCare to satisfy both existing and future needs for the management of specialty OPH and ORL related conditions for its patients. As discussed throughout this Factor 1 response, the existing need for specialty OPH and ORL care is demonstrated by the growth in the number of patients within the 65+ age cohort seeking care at one of Partners HealthCare's institutions and the increased number of patients with underlying OPH and ORL conditions. National statistics have indicated that the prevalence of vision conditions increases with age. [7] Therefore, the need for these services is expected to expand, as both the overall Massachusetts population and Partners HealthCare's 65+ age cohort is projected to increase.

From a care management perspective, Partners HealthCare is engaged in a robust strategy, expanding upon an ACO model of care for patients. Approximately 1.2 million lives are managed by Partners HealthCare. Assuming that the demographic trends within the Partners HealthCare's managed lives population are similar to that of the state at large, it is expected that Partners HealthCare will continue to see growth in the 65+ age cohort that it manages. National statistics have shown that in addition to vision conditions, disease prevalence rates increase with age. [8] Therefore, it is expected that the number of managed lives diagnosed with diseases that are risk factors for eye and ENT related conditions (i.e. diabetes, oral cavity and pharynx cancer, etc.) will grow. As this growth coincides with a market dynamic that is going to restrict Partners HealthCare's access to state-of-the art, high quality eye and ENT services and reward effective care management of aging populations, Partners HealthCare seeks to become the sole member of MEE.

Aging Population and the Need for Eye Care Services

According to the University of Massachusetts' Donahue Institute's ("UMDI") Long-Term Population Projections for Massachusetts Regions and Municipalities, the statewide population is projected to grow a total of 11.8% from 2010 through 2035. [9] An analysis of UMDI's projections shows that the growth of the Commonwealth's population is segmented by age sector, and that within the next 20 years, the bulk of the state's population growth will cluster around residents that are age fifty (50) and older. [10] Moreover, between 2015 and 2035, the Commonwealth's 65+ population is expected to increase at a higher rate than all other age cohorts. [11] By 2035, the 65+ age cohort will represent approximately a quarter of the Massachusetts population. [12] The general trend of growth appears consistent across the counties where Partners HealthCare's affiliates are located. As the number of Partners HealthCare's patients that fall into the 65+ age cohort continues to grow, the need for specialty services, such as OPH and ORL services also becomes more important for better care management, health outcomes and quality of life.

National statistics show a direct correlation between vision conditions and disease prevalence rates and an increase in age. [13] Statistics for Massachusetts trend closely to the national rates. Data generated from a National Health Interview Survey conducted in 2011 provide that Americans between 45-74 years of age were twice as likely to report vision loss, and Americans 75 years of age and over were three times more likely to have vision loss or impairment. [14] Partners HealthCare has cared for an increasing number of patients with an underlying eye condition. Between FY2014 and FY2015, the number of Partners HealthCare's patients with an underlying eye condition grew by 7%.

Additionally, those patients with an underlying eye condition tended to be older than the overall patient population – 49% of patients with an underlying eye condition fell into the 65+ age cohort. With the age of Partners HealthCare's patients trending up in the 65+ age cohort (4% growth between FY14 and FY16), this data demonstrates the growing need for the panel's access to specialty OPH services. Moreover, MEEI also saw increases in the number of patients seeking eye related services. In FY2014, 74,324 patients sought eye care services at MEEI, this number increased to 82,273 in 2015 and 86,363 in 2016.

Diabetes and the Need for Eye Care Services

The need for OPH services that are integrated with other primary and specialty care is also impacted by the increase in diabetes mellitus (diabetes) throughout the country and in Massachusetts. According to the Centers for Disease Control and Prevention, diabetes affects an estimated 29.1 million people in the United States, which equates to approximately 9.3% of the entire population. [15] Additionally, statistics show that 8.1 million people remain undiagnosed, equaling about 27.8% of the total population with diabetes, exacerbating the chronic health issues associated with the disease, such as diabetic retinopathy and early onset blindness. In Massachusetts, the total prevalence rate across the Commonwealth is lower than the national standard at 7.5%. However, the overall diabetes rate is significantly higher across the state (16-20%) for residents that are sixty-five (65) years and older. A study conducted in 2012 showed that the global prevalence of diabetic retinopathy within the diabetic population is 34.6%. Assuming that Partners HealthCare's managed lives population is aligned with these populations, it is expected that over 30,000 patients of Partners HealthCare are facing diabetic eye related conditions. [16, 17] To ensure appropriate care for diabetics, early detection through preventative eye exams is crucial to monitor the health of aging patients. MEEI has been a leader in providing diabetic retinopathy and other eye related services to diabetic

patients. Through the Transaction, Partners HealthCare will be able to provide its diabetic patients with better access to a more integrated specialty eye care services leading to earlier diagnosis and treatment. Additionally, as a result of the Transaction, including improved integration of MEE into Partners eCare (electronic health record) and expanded data sharing capabilities, Partners HealthCare will be able to develop more effective population health initiatives focused on ensuring that all patients have access to specialty OPH services.

Oral Cavity and Pharynx Cancer and ENT Medical Care

Access to ear, nose and throat services are imperative for the prevention and treatment of cancer in those areas of the body. The five (5) year survival rate for oral and pharyngeal cancers is one of the poorest compared to other cancers. This survival rate greatly increases from 22%, for individuals who are diagnosed in the later stages, to 81% for those whose disease is detected early due to preventative testing. In light of this data, the Center for Disease Control and Prevention suggests that patient histories should include questions of tobacco and alcohol use to assist in targeting patients who should be receiving further education regarding oral cavity and pharynx cancer. [18] Although cancer may occur at any age, adults aged 65 years or older are typically more prone to develop oral cavity and oropharyngeal cancer. [19] Partners HealthCare's incidence rate for oral cavity and pharynx cancer is statistically comparable to national rates. Massachusetts' incident rate is 11.7 per 100,000 people per year compared to the national rate of 11.5 per 100,000 people per year. [20] Further data from MassCHIP shows that the complications from oral cavity and pharynx cancer increase as the individual age increases. Assuming that Partners HealthCare's managed lives population has a cancer incidence rate that is aligned with the national rate (435.2 per 100,000 people per year), it is expected that approximately 2.5% of individuals newly diagnosed with cancer per year will be diagnosed with a form of oral cavity and pharynx cancer. [21] This information combined with the population predictions for Massachusetts identify a need to focus on preventative care solutions for this population to increase rates of survival. As a leader in head and neck oncology, MEEI provides extensive consult and specialty care for these forms of cancer. Through the Transaction, Partners HealthCare's patients will have integrated access to these needed, life-saving services through an ACO model focused on managing patients to increase quality outcomes.

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 health care spending. When responding to this question, please consider Factor 4, Financial Feasibility and Reasonableness of Costs.

The Transaction will not have an adverse effect on competition in the Massachusetts healthcare market on the basis of price, total medical expenses, provider costs or other recognized measures of health care spending.

According to publicly available information, [22] MEEI's current rates are below the median of Massachusetts providers, a fact that contributes to the financial challenges that MEE is facing as described in the Summary above. Nevertheless, the parties have agreed to maintain their existing commercial payer contracts through the end of their respective current contract periods. At that time MEE will be included in Partners HealthCare's commercial payer negotiations, but the Applicant has given MEE no guaranty that it will achieve any specific rate increases for MEE from commercial payers. The parties expect that the Transaction will generate operating efficiencies and overhead savings for MEE that will help it to sustain its clinical and research activities. To the extent that MEE does need commercial rate relief, the expectation of the parties is that such relief can be achieved by the Applicant's allocating to MEE part of the overall rate increases that the Applicant negotiates with commercial payers.

In that context, it is important to note that despite significant growth over the last 10 years, MEEI currently comprises less than 0.3% of the total healthcare expenditure for Massachusetts, [23] and when it joins Partners HealthCare, it will result in a less than 3% increase in Partners HealthCare's net patient service revenue. Consequently, the acquisition of MEE is highly unlikely to alter or otherwise affect the Applicant's contracting relationship with commercial payers or result in an outcome in the commercial rate negotiations described above that would be different than that which the Applicant would achieve if MEE were not part of Partners HealthCare.

The Transaction will not adversely affect access to MEE's specialty services for patients outside of Partners HealthCare, including patients enrolled in limited network plans that do not include Partners HealthCare providers. The Transaction documents include an express commitment by both parties to maintain MEE's existing agreements with non-Partners HealthCare providers and continue to offer access to MEE providers to patients in other (non- Partners HealthCare) networks.

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 healthcare delivery system in the United States is experiencing a paradigm shift, moving from a volume-based, siloed system of care, to the implementation of more integrated, risk-bearing models focused on better management of patients. This move to more accountable care was ushered in by the Massachusetts' healthcare coverage reform law, Chapter 224 of the Acts of 2012, as well as the

Affordable Care Act ("ACA") both of which sought to reinvent the care delivery system through increased coordination and management of services with the goal of decreasing overall per capita healthcare spending. Consequently, the objective of an ACO model is to create a sustainable healthcare system by promoting strategic integration and rewarding quality of care outcomes. This transition from paying for discrete medical services to quality outcomes leads to a less fragmented system of care and incentivizes providers to ensure that care is integrated and holistic. [24]

The Centers for Medicare and Medicaid Services ("CMS") describe ACOs as groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high-quality care to their patients. [25] The goal of coordinated care is to ensure that patients, especially the chronically ill, receive the right care at the right time, while avoiding unnecessary duplication of services and preventing medical errors. [26] When an ACO succeeds both in delivering high quality care and spending healthcare dollars more wisely, the organization and its members share in the savings that it achieves for commercial and public payers. [27]

In addition to the focus at the federal level on this new model of care, Massachusetts is in the process of shifting to ACO models for its MassHealth population. [28] Massachusetts' new ACO program, totaling approximately $52.4 billion, is a central part of the Commonwealth's Section 1115 waiver and goes beyond traditional Medicaid managed care models to combine provider-level shared savings and capitated payment arrangements with explicit incentives to address the social determinants of health via partnerships with community-based organizations and flexible services. [29] The Commonwealth Fund's Center for Health Care Strategies, a Medicaid ACO Learning Collaborative that accelerates best practices for new ACO approaches, has described Massachusetts' ACO models as an amalgamation of "[c]urrent Medicaid policy trends around value-based purchasing and the social determinants of health to provide more effective care for low-income and vulnerable populations." [30]

In order to address the shift by commercial and public payers towards ACO models, and to compete in the healthcare market, healthcare systems must develop the necessary components of integrated care models. In redesigning the care process, there is a natural emphasis on primary care and the relationships that primary care physicians ("PCPs") have with their patients as these clinicians have historically been charged with managing a patient's overall care. However, integrating specialty care into an ACO model can be key to high performance and the financial success of an ACO since the most complicated and costly patients are often managed by specialists. [31] Specialists are responsible for ordering most medical and surgical procedures, involving both inpatient and outpatient care. [32] Even for office visits, spending for specialists is higher than for PCPs. For example, while 45.7% of visits to office-based physicians in 2009 were to PCPs in general practice, family practice, internal medicine, or pediatrics, they accounted for only 30.4% of spending. [33] Additionally, studies have found that few specialists have been fully integrated into ACO models with most systems focused on helping PCPs find affiliations with specialists that have high quality outcomes and are less resource intensive. [34] Again, with an emphasis on primary care, little work has been done to engage or incentivize specialists to change practice patterns or develop new models of care that reduce costs. [35] Subsequently, to date, specialists have not been integral to population health management efforts, rather these clinicians have been focused on managing specialty care instead of overall patient care. [36] Accordingly, given the role that specialists play in effective care management, ACO models must align PCP and specialists' interests with a focus on redesigning care processes that allow for better care management.

The current and future need for OPH and ORL services in Partners HealthCare's patient panel is documented in Factor 1.a. To build a care pathway within the Applicant's ACO for OPH and ORL services to address this need, Partners HealthCare must focus on the challenge of managing the cost associated with these specialty care services through a combination of care management, disease prevention initiatives and an assessment of specialty utilization. Meeting this challenge through the ACO is a multi-step process. First, more flexible partnerships between primary care providers and specialists are needed, so that PCPs may effectively screen patients for specialty services and specialists may understand a patient's other co-morbidities and psycho-social needs. Next, a health information technology infrastructure that allows direct connectivity across provider types and care settings is essential. Health information technology is key in supporting partnerships between PCPs and specialists, as well as fostering team-based care and providing computerized clinical decision support. When healthcare providers have access to complete and accurate information, patients receive better medical care. [37] A fully integrated electronic medical record can improve the ability to manage care, diagnose diseases and reduce—even prevent—medical errors, improving patient outcomes. [38] Finally, appropriate measures of quality must be determined to evaluate care. Together, these steps create the foundation for furthering the ACO's goals of effective care management and improved quality outcomes, leading to increased financial rewards.

With Partners HealthCare becoming the sole corporate member of MEE, the incentives for both organizations will be aligned to manage care more efficiently. This will occur through integrated planning initiatives that focus on effective care management and implementation of operational changes that facilitate integrated team-based care to develop the optimal way to address the OPH and ORL needs of the patient panel as a system. Furthermore, the Transaction will afford PCPs and specialists the ability to create flexible relationships to redesign care, as legal barriers (primarily under HIPAA) will be removed from the sharing of comprehensive provider and patient data. This data will lead to a better understanding of performance, quality, referral and practice patterns, so that assessment and improvement can occur. Additionally, this transaction will allow for the enhanced integration of health information technology across Partners HealthCare and MEE. Although Partners HealthCare and MEE currently share an electronic medical record system, due to the separate corporate structures of the two organizations, components of the electronic medical record system are currently operated and managed in two distinct environments, so that neither Partners HealthCare nor MEE has "complete" access to all medical record

information for an individual patient of the other provider. Firewalls and separate connectivity requirements under HIPAA protect the integrity of the data under the current organizational relationship, but these disparate networks pose limitations on accessing key clinical information. Through the Transaction, MEE's network infrastructure will be fully integrated with Partners HealthCare. By fully integrating the two technology environments, over time, providers will have access to real-time patient information allowing for more effective care decisions and a decrease in the duplication of services leading to improved outcomes and reduced costs.

The Transaction will also allow for the commencement of quality reporting of OPH and ORL services focused on improving health outcomes for OPH and ORL patients. Reviewing quality metrics and adjusting performance when change is necessitated further the goal of the ACO to reduce costs, so Partners HealthCare may share in the cost savings. Consequently, the Transaction will allow Partners HealthCare to more effectively manage OPH and ORL services. This management will lead to improved care and health outcomes for patients.

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.

Impact of the Proposed Project:

The parties anticipate that the Transaction will provide Partners HealthCare's patient panel with improved access to OPH and ORL services that are fully integrated, thus providing for improved outcomes, patient quality of life and health equity. This may be achieved through a number of initiatives as MEE becomes integrated into Partners HealthCare and its ACO. As a member of Partners HealthCare, MEE will participate in system-based strategic planning initiatives. These planning activities will seek to improve local access to specialty services and enhance care management for patients. By joining, Partners HealthCare and MEE will build upon their existing relationship and expand integrated care models in furtherance of creating an effective ACO model, so that care is continuous, seamless, and expedited when necessary. Partners HealthCare and MEE will explore ways to develop collaborative care models between Partners HealthCare's PCPs and MEE's specialists, with the objective of providing more effective management of chronically ill patients, including those patients with risk factors for eye and ENT complications through tools available as part of the transaction, such as a fully integrated electronic medical record and a framework to share data.

Specifically, following the completion of the Transaction with legal barriers removed, the electronic medical record system will be fully integrated, directly impacting the quality of the care provided. [39] This integration will enhance patient safety because internally hosted systems, such as Imagestream (a patient image management solution), which have not been available as part of the shared medical record system, will now be accessible to both Partners HealthCare's and MEE's providers. In addition, system access will be more streamlined, which will lead to less complexity as MEE will replace its separate provider directories with a single Active Directory Authentication process. Finally, the full integration of MEE to the Partners HealthCare's technology system will allow for the generation of disease management tools that impact population health management, such as ensuring diabetics receive annual eye exams or facilitating follow-up services for head and neck cancer patients. Each of these health information system tools can only be fully developed within a legal framework achieved through the Transaction in which MEE is a member of the Applicant.

Shared technology systems will also allow Partners HealthCare to leverage data, specifically shared quality metric data. Typically, ACOs that affiliate with specialty providers out of their ACO face the challenge of meeting a myriad of measurement requirements from payers by pulling data from disparate systems. This makes quality reporting cumbersome and savings are often lost based on logistics. However, the Transaction will lead to a fully integrated health information technology system allowing Partners HealthCare to identify a core set of OPH and ORL measures that will be evaluated making the likelihood of improving the quality reporting process and shared savings more probable. This data also allows for the development of internal benchmarks for physicians within the system that can help lead to best practices.

Assessing the Impact of the Transaction on Health Outcomes, Quality of Life and Health Equity

As a member of Partners HealthCare, MEE will continue to participate in robust performance improvement initiatives and will be integrated with and have access to Partners HealthCare's data warehouse and advanced analytics program, including the creation of quality and safety OPH and ORL dashboards that allow for the evaluation of specific quality metrics. These dashboards are created under the guidance of quality collaboratives across Partners HealthCare. Currently, Partners HealthCare has approximately thirty quality collaboratives and leadership groups covering a range of medical and surgical specialty areas working to improve quality and safety throughout the Applicant's system. Through this Transaction, MEE will be able to work with these groups to develop additional care improvement initiatives. To form these collaboratives, quality improvement staff from Partners HealthCare bring together groups of clinical leaders and data scientists to better define care pathways and to pilot innovations for improvement, employing a robust evaluation program as part of the pilot. This process allows for the creation of best practices and benchmarks to be shared across the system.

MEE will also have access to Partners HealthCare's Internal Performance Framework. ("IPF"), a continuous quality improvement infrastructure that allows for better care management supported by a well-developed quality improvement infrastructure. The IPF often utilizes the above detailed quality collaboratives and also provides significant support around data analytics.

Additionally, as part of Partners HealthCare, MEE may participate in Partners HealthCare's Patient Reported Outcome Measures (PROMs) platform. PROMs are a way to assess the metrics of most importance to patients, such as symptom management and functional status. Tracking these outcomes allows providers to take better care of patients by reviewing individual scores to prepare for certain aspects of a procedure. Furthermore, these questionnaires allow quality improvement staff to group together specific patients based on symptoms or procedures to understand which patients will benefit the most from certain treatments. The Applicant is a national leader in the collection of PROMs and has developed an innovative technology-enabled platform that facilitates the collection of this information on a large scale across its network. Through this Transaction, MEE will be able to use this resource to impact patient reported outcomes.

Through this Transaction, Partners HealthCare will also work with MEE to evaluate the American Hospital Association's #123Equity Pledge Campaign. This Campaign seeks to eliminate health and health care disparities that exist for racially, ethnically and culturally diverse individuals. The campaign requires hospital leaders to accelerate progress in the following areas: (1) Increasing the collection and use of race, ethnicity, language preference and other socio-demographic data; (2) Increasing cultural competency training; and (3) Increasing diversity in leadership and governance. Currently, all Partners HealthCare hospitals participate in the Campaign with a system wide leadership committee in place that supports member institutions in achieving the goals of the campaign.

Measures and Projections to Assess the Transaction

As part of the integration of Partners HealthCare and MEE, the parties will evaluate current care processes, as well as strategic plans and business models. This information will be used to align services within the Partners HealthCare ACO model. Additionally, milestones and outcomes associated with the integration will be identified to evaluate the impact of the transaction. Over time, the parties anticipate that the transaction will result in improved outcomes. To assess the impact of the transaction, Partners HealthCare will develop baseline data for each of the measures below over a six-month period after the closing. This will allow both providers to track new measures and gain a better understanding of current quality initiatives. Upon the development of a baseline for each measure, Partners Healthcare will provide the Department of Public Health with projections on the designated measures for three years. The following measures will be evaluated:

(1) Increased Access. This will be measured through the following metrics:
a. The number of Partners HealthCare patients receiving OPH and ORL services from MEE physicians. [40]
b. The average length of time between a primary care referral for OPH or ORL services to the date of an assigned appointment at MEE.

(2) Increased Patient Satisfaction. Partners HealthCare will track patient perceptions of care and satisfaction with services by surveying the Partners HealthCare's patients who are seen in MEE's clinics for services on the following metrics:

a. Would the patient recommend the provider?

b. Would the patient recommend the provider's office?

c. Did the provider know the patient's medical history?

(3) Improved Health Outcomes, Process Measures and Structural Measures: Through this transaction, MEE may integrate its quality measurement system into Partners HealthCare's existing performance improvement infrastructure, allowing for the adoption of system-wide measuring and reporting on OPH and ORL metrics and ultimately to improved care. The following clinical and structural measures will be reviewed to assess the impact of the proposed transaction.

a. Annual eye exams for diabetic patients. This measure evaluates the linkage between Partners HealthCare and MEE in providing population health management to diabetic patients. The following metric will be reviewed: Percent of Partners Healthcare primary care patients with diabetes that are screened annually for an OPH exam by a MEE provider.

b. Improved efficiency of administrative processes for pre-operative procedures. These efficiencies improve patient safety by ensuring that only appropriate tests are performed prior to surgery and reduce costs by eliminating unnecessary testing. The following metric will be evaluated: The percentage of time protocols are followed for eliminating unnecessary testing.

c. Participation of MEE in Partners HealthCare's Pharmacy Infrastructure. Partners HealthCare has numerous initiatives in place to improve use of medications in the hospital and ambulatory setting. Through the proposed transaction, Partners HealthCare will integrate MEE into its current process to evaluate pharmacy costs and utilization for patients. The following structural measures will be reviewed: Tracking MEE participation in Partners HealthCare's pharmacy steering committees including the Partners Pharmacy and

Therapeutics committee and subcommittees.

F1.b.iii **Public Health Value /Health 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.

The Transaction will promote health equity to all populations including those deemed underserved and will not restrict accessibility of either organizations' services for poor, medically indigent, and/or Medicaid eligible individuals. These organizations do not discriminate based on ability to pay or payor source and this practice, and each provider's respective mission to serve all patients, will continue following the Transaction. As further detailed throughout this narrative, the Transaction will increase access to OPH and ORL services for all Partners HealthCare's patients.

In addition, the organizations have developed a plan to address health inequities by patients based on race and ethnicity. Both organizations understand that the physician-patient relationship has an important impact on disparities in medical care and often can ensure health equity for underserved populations. For example, African-American and Hispanic patients are more likely to report dissatisfaction with their relationships with physicians, report less continuity of care, and perceive poorer quality of care. [41] Relationship-oriented factors, such as trust and physician communication style, have been linked to disparities in patient satisfaction, [42] delivery of preventive care services, [43, 44] appropriate use of referrals, and patient follow-through on treatment. [45]

Concordance has emerged as an important dimension of the patient-physician relationship that may be linked to health care disparities. [46] As a concept, concordance is most often defined as a similarity, or shared identity, between physician and patient based on a demographic attribute, such as race, sex, or age. [47] Some evidence supports this view, especially with respect to racial concordance. [48] Patients' trust, satisfaction, utilization of services, and involvement in decision making have been reported higher when the patient and physician share the same race or ethnicity. [49] Accordingly, increasing opportunities for racial/ethnic match between minority patients and physicians can have important consequences. [50] Studies have found that minority patients in race/ethnic concordant relationships are more likely to use needed health services, are less likely to postpone or delay seeking care, and report a higher volume of use of health services. [51] Patients in race concordant patient–provider relationships also report greater satisfaction [52] and better patient–provider communication. [53]

Given these findings, it is critical that large system providers have a diverse clinical staff that may be matched with ethnically and racially diverse patients to ensure exceptional care and the best possible health outcomes. This Transaction with MEE will allow greater access to specialists that are racially and ethnically diverse. MEE's clinicians are ethnically diverse with over twenty percent of providers identifying as Asian and other providers identifying as Hispanic/Latino, Black/African American, American Indian/Alaska Native or Two or More Races. In addition, the female/male distribution is almost 40% female and 60% male.

As stated, all of the Applicant's member hospitals are participating in the American Hospital Association's #123Equity Pledge Campaign. By participating in this effort, Partners HealthCare is developing initiatives around health equity and inclusion, including data analytic tools to measure equity; restructuring its information technology tools to capture social determinant of health needs; implementing system-wide educational tools on the collection of race/ethnicity data; and on cultural competency training that will soon be available system-wide. Through this Transaction, MEE may use these resources by participating in the Pledge and integrating some of these tools into its operations.

Moreover, Partners HealthCare and MEE have adopted the Culturally and Linguistically Appropriate Service (CLAS) standards set forth by the U.S. Department of Health and Human Services Office of Minority Health for all practice sites. Both organizations provide effective, understandable, and respectful care with an understanding of patients' cultural health beliefs and practices and preferred languages. Additionally, both organizations have arrangements to offer ongoing education and training in culturally and linguistically appropriate areas for staff at all levels and across all disciplines. Language assistance services are provided by certified translators at no cost to patients with limited English proficiency by Partners HealthCare and MEE at all points of clinical contact in a timely manner; additional translation services in less frequently encountered languages are available at all times through Language Assistance lines. Additionally, all patient-related materials and signage are posted in multiple languages. Given these processes, fully integrating MEE into Partners HealthCare will allow for equal access to OPH and ORL services by all patients within the Partners HealthCare's patient panel.

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.

Through this Transaction, Partners HealthCare and MEE will ensure ongoing clinical, research and educational collaborations in support of their interrelated charitable missions. The research efforts of both organizations are critical to developing innovative therapies and cures for diseases. For MEE to fulfill its mission to provide the highest quality of care, now and for the future, its

scientists need the funding, resources and infrastructure to conduct research in OPH and ORL diseases and disorders. Central to MEE's mission is to find cures for blindness, deafness and diseases of the head and neck. The ability to further this mission will be dependent on adequate funding and enhanced by access to Partners HealthCare's robust research infrastructure, including a dedicated clinical trials office and biobank, resulting in the potential to shorten the timeline to bring cures to patients. Through access to Partners HealthCare's clinical research infrastructure, MEE will be able to provide Partners HealthCare's patients with new treatments that will lead to improved health outcomes and better quality of life.

To date, there are several examples of how research conducted at MEE is significantly improving the care of patients with OPH and ORL diseases and disorders. Screening of children and adults for Auditory Brainstem Implants (ABI), novel approaches and clinical trials for head and neck cancer patients including robotic cancer removal, new treatment options for neurofibromatosis type 2 patient trials and a clinical trial in non-surgical tympanic membrane repair are examples of research which will result in better health outcomes for our ORL patients. In addition, the development of Anti-VEGF therapy, as well as current investigations in gene therapy trials for patients with inherited retinal degenerations (IRD) are leading to treatment options for diseases for which there is no current therapy. Finally, novel approaches to treating diabetic macular edema and neuroprotection for retinal diseases like age-related macular degeneration, diabetes and IRD could significantly improve patient care outcomes. These innovative therapies and treatments were developed at MEE and are currently available for patients seen by MEE's providers. This transaction will ensure the viability of MEE to continue and even expand these advances and to make these therapies and treatments more broadly available to Partners HealthCare patients.

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.

Improved continuity and coordination of care for Partners HealthCare's patient panel will be achieved through the integration of MEE into Partners HealthCare's ACO model. This integration as detailed in F.1.b.ii will result in care efficiencies through the development of a redesigned care model for patients in need of OPH and ORL services. Through increased collaboration between Partners HealthCare's PCPs and MEE's specialists, patients will be managed in a more effective way, including the management of chronic diseases and care coordination for patients with head and neck cancers and vestibular disorders. The integration of the two organizations will allow for increased management via an ACO model. Additionally, care transitions from the inpatient to the outpatient settings will be more effectively managed through shared resources and documented via an integrated health information technology system.

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.

Since a broad range of input is valuable in the planning of a project, the Applicant carried out a diverse consultative process with individuals at various regulatory agencies regarding the Transaction. The following individuals are some of those consulted regarding this Project:

• Department of Public Health: Nora Mann, Director, Determination of Need Program and Rebecca Rodman, Deputy General Counsel
• Health Policy Commission: Lois Johnson, General Counsel; Megan Wulff, Acting Director of Policy for Market Performance; Sasha Hayes-Rusnov, Senior Manager; Kara Vidal, Senior Manager for Market Performance; Amy Katzen, Project Manager for Market Performance; and Rebecca Balder, Project Manager for Market Performance.
• Attorney General's Office: Maura Healey, Attorney General; Mary Beckman, Chief, Health Care & Fair Competition Bureau; Will Matlack, Chief, Antitrust Division; Michael MacKenzie, Assistant Attorney General, Antitrust Division; Kyle Barr, Paralegal/Economic Analyst, Antitrust Division; Karen Tseng, Chief, Health Care Division; Jonathan Green, Deputy Chief, Non-Profit Organizations/Public Charities Division.
• MassHealth: Steven Sauter, Director, Acute Hospital Program, MassHealth Office of Providers and Plans and David Garbarino, Director of Purchasing Strategy and Analytics at Executive Office of Health and Human Services – MassHealth

The Applicant and MEE also made necessary Hart-Scott-Rodino ("HSR") Notice filings to the Federal Trade Commission ("FTC") and the United States Department of Justice regarding the proposed Transaction, and copies of these Notices were provided to the Massachusetts Offices of the Attorney General. The HSR early termination was granted on April 6, 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.

After thorough consideration of the current and future need for access to OPH and ORL services for its patient panel and the shifting payment environment, the Applicant sought to expand upon its existing relationship with MEE. Once the parties agreed to enter into the Transaction that would result in the Applicant becoming the sole corporate member of MEE, the Applicant consulted

with the Determination of Need Program regarding the appropriate parties for engagement due to the transactional nature of the project and the impact it would have on the patient panel of the health care facility being acquired. It was agreed that the Applicant should direct its engagement efforts towards the MEE community. In developing an appropriate community engagement plan for this transaction, MEE sought to define its community broadly and engage patients, local residents and resident groups that may be impacted by the transaction. These groups were engaged through several initiatives.

As a first step in the engagement process, the proposed transaction was presented to MEE's Patient and Family Advisory Council ("PFAC"). The PFAC plays an important role in shaping the way that MEE establishes and delivers care to its patient panel. The mission of the PFAC closely aligns with the objectives for the proposed Transaction in that the PFAC's focus is to improve patient experience and ensure patient-centered care. Moreover, the PFAC works to ensure that patients' interests, needs and concerns are presented to, reviewed and addressed by MEE health care providers and hospital leadership; and that priorities and plans for the future of MEE are aligned with best patient care and patient experience improvement practices. Accordingly, the Transaction was a topic of discussion at a meeting of the PFAC where hospital leadership presented its plans for the Transaction with the Applicant. PFAC members expressed support for the proposed project.

Building on this positive experience, MEE hosted a larger community meeting to engage additional patients and local residents. This meeting was publicized in all clinical and administrative areas of the hospital and was held on April 24, 2017. No community members attended.

MEE then expanded upon its engagement with patients in smaller group settings through a series of "President's Lectures," where John Fernandez, President and Chief Executive Officer of MEE provided patients and guests with information on current events and research happening at the hospital. The first of these lectures was held on May 2, 2017 with 40 patients and guests, during which, Mr. Fernandez summarized the Transaction with Partners HealthCare and answered questions. This meeting provided positive feedback on the proposed Transaction. MEE will continue to include discussions surrounding the transaction at future President's Lectures. MEE also has included information on its website regarding the Transaction and a place for comments to be submitted. The parties will continue these efforts as the Transaction progresses.

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".

To ensure sound community engagement throughout the development of the Transaction, the Applicant and MEE took the following actions:

• Presentation to the MEE PFAC;
• Community forum on April 24, 2017 that was publicized on the MEE's website and posted throughout clinical and administrative areas of the hospital;
• Included as discussion in the President's Lecture series hosted by MEE President, John Fernandez;
• Sent correspondence to neighbors on May 5, 2017 describing the Transaction and requesting feedback;
• Presented as keynote topic to advisory board of trustees and community physicians held on June 6, 2017; and
• Created a feedback/comment section on MEE's website to receive comments from the public.

For detailed information on these activities, see Appendix 2.

For transparency and to educate the community regarding the public health value of the transaction, MEE developed a presentation to provide at community meetings. This presentation documents the needs of Partners HealthCare's patient panel around eye, ear, nose and throat care; the process by which the organizations determined a transfer of ownership was the most clinically sound and cost-effective alternative for meeting the OPH and ORL needs of the panel; and the impact of the Transaction including its public health value.

Factor 3: Compliance

Applicant certifies, by virtue of submitting this Application that it is in compliance and good standing with federal, state, and local laws and regulations, including, but not limited to M.G.L. c. 30, §§ 61 through 62H and the applicable regulations thereunder, and in compliance with all previously issued notices of Determination of Need and the terms and conditions attached therein .

F3.a Please list all previously issued Notices of Determination of Need

Add/Del Rows	Project Number	Date Approved	Type of Notification	Facility Name
+ -				

Factor 4: Financial Feasibility and Reasonableness of Expenditures and Costs

Applicant has provided (as an attachment) a certification, by an independent certified public accountant (CPA) as to the availability of sufficient funds for capital and ongoing operating costs necessary to support the Proposed Project without negative impacts or consequences to the Applicant's existing Patient Panel.

F4.a.i **Capital Costs Chart:**
For each Functional Area document the square footage and costs for New Construction and/or Renovations.

		Present Square Footage		Square Footage Involved in Project				Resulting Square Footage		Total Cost		Cost/Square Footage	
				New Construction		Renovation							
Add/Del Rows	Functional Areas	Net	Gross	Net	Gross	Net	Gross	Net	Gross	New Construction	Renovation	New Construction	Renovation
+ -	NOT APPLICABLE												
+ -													
+ -													
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+ -													
	Total: (calculated)												

F4.a.ii For each Category of Expenditure document New Construction and/or Renovation Costs.

	Category of Expenditure	New Construction	Renovation	Total (calculated)
	Land Costs			
	Land Acquisition Cost			
	Site Survey and Soil Investigation			
	Other Non-Depreciable Land Development			
	Total Land Costs			
	Construction Contract (including bonding cost)			
	Depreciable Land Development Cost			
	Building Acquisition Cost			
	Construction Contract (including bonding cost)			
	Fixed Equipment Not in Contract			
	Architectural Cost (Including fee, Printing, supervision etc.) and Engineering Cost			
	Pre-filing Planning and Development Costs			
	Post-filing Planning and Development Costs			
Add/Del Rows	Other (specify)			
+ -				
	Net Interest Expensed During Construction			
	Major Movable Equipment			
	Total Construction Costs			
	Financing Costs:			
	Cost of Securing Financing (legal, administrative, feasibility studies, mortgage insurance, printing, etc			
	Bond Discount			
Add/Del Rows	Other (specify			
+ -				
	Total Financing Costs			
	Estimated Total Capital Expenditure			

Documentation Check List

The Check List below will assist you in keeping track of additional documentation needed for your application.

Once you have completed this Application Form the additional documents needed for your application will be on this list. E-mail the documents as an attachment to: DPH.DON@state.ma.us

- ☒ Copy of Notice of Intent
- ☒ Affidavit of Truthfulness Form
- ☒ Scanned copy of Application Fee Check
- ☒ Affiliated Parties Table Question 1.9
- ☒ Change in Service Tables Questions 2.2 and 2.3
- ☒ Certification from an independent Certified Public Accountant
- ☒ Notification of Material Change
- ☒ Articles of Organization / Trust Agreement
- ☐ Current IRS Form, 990 Schedule H CHNA/CHIP and/or Current CHNA/CHIP submitted to Massachusetts AGO's Office
- ☐ Community Engagement Stakeholder Assessment form
- ☐ Community Engagement-Self Assessment form

Document Ready for Filing

When document is complete click on "document is ready to file". This will lock in the responses and date and time stamp the form.
To make changes to the document un-check the "document is ready to file" box. Edit document then lock file and submit
Keep a copy for your records. Click on the "Save" button at the bottom of the page.

To submit the application electronically, click on the"E-mail submission to Determination of Need" button.

This document is ready to file: ☒

Date/time Stamp: 07/17/2017 4:05 pm

E-mail submission to Determination of Need

Application Number: PHS-17071716-TO

Use this number on all communications regarding this application.