



MASSACHUSETTS
HEALTH POLICY COMMISSION

NOTICE OF MATERIAL CHANGE FORM

Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

GENERAL INSTRUCTIONS

The attached form should be used by a Provider or Provider Organization to provide a Notice of Material Change (“Notice”) to the Health Policy Commission (“Commission”), as required under M.G.L. c. 6D, § 13 and 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews. To complete the Notice, it is necessary to read and comply with 958 CMR 7.00, a copy of which may be obtained on the Commission’s website at www.mass.gov/hpc. Capitalized terms in this Notice are defined in 958 CMR 7.02. Additional sub-regulatory guidance may be available on the Commission’s website (e.g., Technical Bulletins, FAQs). For further assistance, please contact the Health Policy Commission at HPC-Notice@state.ma.us. This form is subject to statutory and regulatory changes that may take place from time to time.

REQUIREMENT TO FILE

This Notice must be submitted by any Provider or Provider Organization with \$25 million or more in Net Patient Service Revenue in the preceding fiscal year that is proposing a Material Change, as defined in 958 CMR 7.02. Notice must be filed with the Commission not fewer than 60 days before the consummation or closing of the transaction (i.e., the proposed effective date of the proposed Material Change).

SUBMISSION OF NOTICE

One electronic copy of the Notice, in a portable document form (pdf), should be submitted to the following:

Health Policy Commission HPC-Notice@state.ma.us;

Office of the Attorney General HCD-6D-NOTICE@state.ma.us;

Center for Health Information and Analysis CHIA-Legal@state.ma.us

PRELIMINARY REVIEW AND NOTICE OF COST AND MARKET IMPACT REVIEW

If the Commission considers the Notice to be incomplete, or if the Commission requires clarification of any information to make its determination, the Commission may, within 30 days of receipt of the Notice, notify the Provider or Provider Organization of the information or clarification necessary to complete the Notice.

The Commission will inform each notifying Provider or Provider Organization of any determination to initiate a Cost and Market Impact Review within 30 days of its receipt of a completed Notice and all required information, or by a later date as may be set by mutual agreement of the Provider or Provider Organization and the Commission.

CONFIDENTIALITY

Information on this Notice form itself shall be a public record and will be posted on the Commission’s website. Pursuant to 958 CMR 7.09, the Commission shall keep confidential all nonpublic information and documents obtained in connection with a Notice of Material Change and shall not disclose the information or documents to any person without the consent of the Provider or Payer that produced the information or documents, except in a Preliminary Report or Final Report of a Cost and Market Impact Review if the Commission believes that such disclosure should be made in the public interest after taking into account any privacy, trade secret or anti-competitive considerations. The confidential information and documents shall not be public records and shall be exempt from disclosure under M.G.L. c. 4, § 7 cl. 26 or M.G.L. c. 66, § 10.

NOTICE OF MATERIAL CHANGE

DATE OF NOTICE: December 8, 2020

1. Name: **UMass Memorial Health Care, Inc.**

| | Federal TAX ID # | MA DPH Facility ID # | NPI # |
|----|------------------|----------------------|-------|
| 2. | 04-3358566 | | |

CONTACT INFORMATION

3. Business Address 1: **One Biotech Park, 365 Plantation Street**

4. Business Address 2:

5. City: **Worcester** State: **MA** Zip Code: **01605**

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

7. Contact First Name: **Katharine** Contact Last Name: **Eshghi**

8. Title: **Senior Vice President and General Counsel**

9. Contact Phone: **508-334-1700** Extension:

10. Contact Email: **katharine.eshghi@umassmemorial.org**

DESCRIPTION OF ORGANIZATION

11. *Briefly* describe your organization.

UMass Memorial Health Care, Inc. ("UMMHC"), is a Massachusetts nonprofit corporation that owns and operates an integrated health care system comprised of a network of hospitals, including one academic teaching hospital and two community hospitals, as well as other health care providers that serve the residents of Central Massachusetts. UMMHC is the sole corporate member of UMass Memorial Community Hospitals, Inc. ("UMMCH") and certain other affiliates.

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? Promptly upon receipt of regulatory approvals.

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 proposed material change involves the affiliation of Harrington HealthCare System, Inc. ("HHCS") with UMMHC, pursuant to which UMMHC will become the sole corporate member of HHCS. UMMHC will then become the "ultimate parent" of HHCS. HHCS and UMMHC believe that the proposed corporate affiliation (the "Project") will allow the parties to further their common nonprofit mission of promoting the health of the communities they serve, and will enhance Harrington Memorial Hospital's ability to maintain its status as a high quality, financially secure community hospital, which will allow it to continue to meet and better respond to the health care needs of patients and the communities in its service area through the following:

- Permitting HHCS to have greater access to capital for service, equipment and physical plant improvements
- Enabling HHCS to obtain more advanced health information technology that will enhance and expand the use of health data for accountable care and other value-based population health management
- Strengthening HHCS' ability to recruit physicians and other licensed professionals to the Harrington service area, which will improve access to primary and specialty care and support the provision of high quality and cost-effective care in community-based settings in the Harrington service area
- Fully integrating HHCS into UMMHC's Anchor Mission work through specific commitments regarding community investment funding to address social determinants of health and specific goals for increasing local hiring and inclusive, local and sustainable purchasing in the Harrington service area
- Fully integrating HHCS into UMMHC's Health Equity work including system level strategic work on addressing health disparities and diversity and inclusion within the workforce
- Maintaining, enhancing, and expanding behavioral health services

No consideration is being paid for the transaction. UMMHC is committed to keeping the current health care services provided by HHCS in the local communities, and, through clinical collaborations and capital investments, anticipates supporting and further enhancing those services. UMMHC has made specific commitments regarding capital investments, community investment funding, physician recruitment efforts, and the maintenance of acute care and other hospital service lines in the HHCS community. HHCS will retain significant autonomy and local control subject to the reserve powers that will be vested in UMMHC.

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:

The material change builds on the long-standing relationship between the parties and will allow a close and effective coordination between HHCS and UMMHC to enhance the quality of, expand access to, and lower the overall cost of the care they provide to their communities through:

- Population health initiatives that improve access to care in the Harrington service area
- Effective integration of care across a broad continuum of services from primary to tertiary care throughout a wide geographic area
- Building on the existing clinical collaborations and referral patterns between academic and community providers, with a focus on providing care in the most cost-effective and appropriate settings and the retention of more complex cases in the community through further specialist coverage and, where appropriate, telehealth support such as E-ICU services; the full utilization of the community settings is a high priority given the persistent capacity issues at UMass Memorial Medical Center and the need to preserve the Medical Center's resources for tertiary services and other services that cannot be delivered in a community setting
- Promoting the academic mission of UMMHC by enhancing and expanding clinical training opportunities in both academic and community environments

HHCS and UMMHC do not anticipate that the Project will have a significant impact on reimbursement rates. Currently, both Harrington employed and independent community physicians participate in managed care contracts through Harrington HealthCare Provider Organization Inc., which already contracts with and participates in the UMMHC Managed Care Network. Harrington Memorial Hospital's relative prices are generally comparable to UMMHC's community hospitals.

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:

UMMHC and HHCS filed a Notice of Intent to Acquire with the Department of Public Health (12/7/2020). UMMHC will file a Determination of Need Application with the Department of Public Health. UMMHC and HHCS provided notice of the Material Change to the Massachusetts Attorney General (10/6/2020) and MassHealth (10/9/2020).

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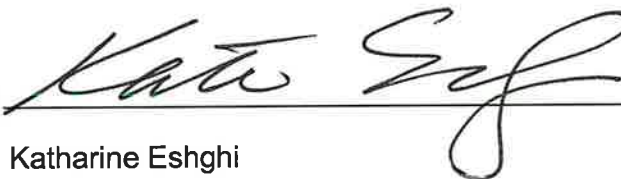
This signed and notarized Affidavit of Truthfulness and Proper Submission is required for a complete submission.

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.

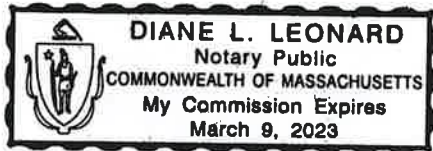
Signed on the 8th day of December, 2020, under the pains and penalties of perjury.

Signature: 

Name: Katharine Eshghi

Title: Senior Vice President and General Counsel

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)

EXPLANATIONS AND DEFINITIONS

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| 1. | Name | Legal business name as reported with Internal Revenue Service. This may be the parent organization or local Provider Organization name. |
| 2. | Federal TAX ID # | 9-digit federal tax identification number also known as an employer identification number (EIN) assigned by the internal revenue service. |
| | MA DPH Facility ID # | If applicable, Massachusetts Department of Public Health Facility Identification Number. |
| | National Provider Identification Number (NPI) | 10-digit National Provider identification number issued by the Centers for Medicare and Medicaid Services (CMS). This element pertains to the organization or entity directly providing service. |
| 3. | Business Address 1 | Address location/site of applicant |
| 4. | Business Address 2 | Address location/site of applicant continued often used to capture suite number, etc. |
| 5. | City, State, Zip Code | Indicate the City, State, and Zip Code for the Provider Organization as defined by the US Postal Service. |
| 6. | Business Website | Business website URL |
| 7. | Contact Last Name, First Name | Last name and first name of the primary administrator completing the registration form. |
| 8. | Title: | Professional title of the administrator completing the registration form. |
| 9. | Contact Telephone and Extension | 10-digit telephone number and telephone extension (if applicable) for administrator completing the registration form |
| 10. | Contact Email | Contact email for administrator |
| 11. | Description of Organization | Provide a brief description of the notifying organization's ownership, governance, and operational structure, including but not limited to Provider type (acute Hospital, physician group, skilled nursing facilities, independent practice organization, etc.), number of licensed beds, ownership type (corporation, partnership, limited liability corporation, etc.), service lines and service area(s). |
| | | Indicate the nature of the proposed Material Change. |
| 12. | Type of Material Change | <p><i>Definitions of terms:</i></p> <p>“Carrier”, an insurer licensed or otherwise authorized to transact accident or health insurance under M.G.L. c. 175; a nonprofit Hospital service corporation organized under M.G.L. c. 176A; a nonprofit medical service corporation organized under M.G.L. c. 176B; a health maintenance organization organized under M.G.L. c. 176G; and an organization entering into a preferred provider arrangement under M.G.L. c. 176I; provided, that this shall not include an employer purchasing coverage or acting on behalf of its employees or the employees of one or more subsidiaries or affiliated corporations of the employer; provided that, unless otherwise noted, the term “Carrier” shall not include any entity to the extent it offers a policy, certificate or contract that provides coverage solely for dental care services or visions care services.</p> |

“Hospital”, any hospital licensed under section 51 of chapter 111, the teaching hospital of the University of Massachusetts Medical School and any psychiatric facility licensed under section 19 of chapter 19.

“Net Patient Service Revenue”, the total revenue received for patient care from any third party Payer net of any contractual adjustments. For Hospitals, Net Patient Service Revenue should be as reported to the Center under M.G.L. c. 12C, § 8. For other Providers or Provider Organizations, Net Patient Service Revenue shall include the total revenue received for patient care from any third Party payer net of any contractual adjustments, including: (1) prior year third party settlements; and (2) premium revenue, which means per-member-per-month amounts received from a third party Payer to provide comprehensive Health Care Services for that period, for all Providers represented by the Provider or Provider Organization in contracting with Carriers, for all Providers represented by the Provider or Provider Organization in contracting with third party Payers..

“Provider”, any person, corporation, partnership, governmental unit, state institution or any other entity qualified under the laws of the Commonwealth to perform or provide Health Care Services.

“Provider Organization”, any corporation, partnership, business trust, association or organized group of persons, which is in the business of health care delivery or management, whether incorporated or not that represents one or more health care Providers in contracting with Carriers or third-party administrators for the payments of Health Care Services; provided, that a Provider Organization shall include, but not be limited to, physician organizations, physician-hospital organizations, independent practice associations, Provider networks, accountable care organizations and any other organization that contracts with Carriers for payment for Health Care Services.

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| 13. | Proposed Effective Date of the Proposed Material Change | Indicate the effective date of the proposed Material Change. NOTE: The effective date may not be fewer than 60 days from the date of the filing of the Notice. |
| 14. | Description of the Proposed Material Change | Provide a brief narrative describing 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). Include organizational charts and other supporting materials as necessary to illustrate the proposed change in ownership, governance, or operational structure. |
| 15. | Impact of the Proposed Material Change | Provide a brief description of any analysis conducted by the notifying organization as to the anticipated impact of the proposed Material Change including, but not limited to, the following factors, as applicable: <ul style="list-style-type: none"> • Costs • Prices, including prices of the Provider or Provider Organization involved in the proposed Merger, Acquisition, affiliation or other proposed Material Change • Utilization • Health Status Adjusted Total Medical Expenses • Market Share • Referral Patterns • Payer Mix • Service Area(s) • Service Line(s) • Service Mix |

16. Future Planned Material Changes

Provide a brief description of the nature, scope and dates of any pending or planned Material Changes, occurring between the notifying organization and any other entity, within the 12 months following the date of the notice.

17. Submission to Other State or Federal Agencies

Indicate the date and nature of any other applications, forms, notices or other materials provided to other state or federal agencies relative to the proposed Material Change, including but not limited to the Department of Public Health (e.g., Determination of Need Application, Notice of Intent to Acquire, Change in Licensure), Massachusetts Attorney General (e.g., notice pursuant to G.L. c. 180, §8A(c)), U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application) and Federal Trade Commission/Department of Justice (e.g., Notification and Report Form pursuant to 15 U.S.C. sec. 18a).
