

KROKIDAS & BLUESTEIN
ATTORNEYS

CLIENT ALERT

**CHAPTER 224 HEALTH CARE COST CONTAINMENT UPDATE #4:
PROCESS FOR REVIEW OF NOTICES OF MATERIAL CHANGE**

Since January 1, 2013, Massachusetts General Laws Chapter 6D, § 13 has required providers and provider organizations to submit notice not less than sixty (60) days before the effective date of a proposed “material change” to its operations or governance structure. This notice must be delivered to (1) the Health Policy Commission (“HPC”), (2) the Center for Health Information and Analysis, and (3) the Attorney General’s Health Care Division. The HPC’s Interim Guidance previously provided to you at [Client Alert #3](#) sets forth the parties required to submit a notice and the circumstances under which the notice must be given.

At its meeting on April 24, 2013, HPC issued ‘Policy 2013-01: Process for Review of Notices of Material Change’ (“Policy 2013-01”) to outline the interim process by which the HPC will review notices of material change prior to issuance of final regulations. Policy 2013-01 also sets forth the criteria the HPC will use in determining whether a proposed change warrants that the HPC conduct a Cost and Market Impact Review (“CMIR”). The full text of Policy 2013-01 can be viewed at <http://www.mass.gov/anf/docs/hpc/material-change-notice-review-process-4-24-13.pdf>.

Policy 2013-01 requires the HPC to conduct a preliminary review within 30 days after receipt of a notice of material change in order to determine whether the material change is likely to result in a significant impact on the Commonwealth's ability to meet the health care cost growth benchmark established in Massachusetts General Laws Chapter 6D, § 9 or on the competitive market. If so, a CMIR will be required.

Policy 2013-01 includes twelve cost, market and public interest factors for the HPC to consider in determining whether a CMIR is appropriate. The CMIR process may take up to six months under the Policy. The HPC expects to promulgate regulations finalizing the notice of material change submission and review procedures in the next two to three months.

Please contact Robert Griffin (rgriffin@kb-law.com), Jennifer Gallop (jgallop@kb-law.com) or another member of Krokidas & Bluestein’s health care team if you have questions as to Policy 2013-01’s applicability to your organization.