COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT
CIVIL ACTION NO.

14-2033 B.L.S.

COMMONWEALTH OF MASSACHUSETTS,

Plaintiff,

v.

PARTNERS HEALTHCARE SYSTEM, INC., SOUTH SHORE HEALTH AND EDUCATIONAL CORP., and HALLMARK HEALTH CORP.,

Defendants.

RECEIVED
JUN 24 2014
SUPERIOR COURT - CIVIL
MICHAEL JOSEPH DONOVAN
CLERK / MAGISTRATE

MEMORANDUM OF THE COMMONWEALTH OF MASSACHUSETTS IN SUPPORT OF THE ENTRY OF FINAL JUDGMENT

Introduction

Plaintiff Commonwealth of Massachusetts ("Commonwealth") submits this memorandum in support of its joint motion with Defendants Partners HealthCare System, Inc. ("Partners"), South Shore Health and Educational Corp. ("South Shore"), and Hallmark Health Corp. ("Hallmark"), to enter the proposed Final Judgment by Consent (the "Consent Judgment"). The Consent Judgment resolves the Commonwealth's complaint alleging unfair competition and/or unfair practices in violation of Massachusetts General Laws c. 93A § 2 in connection with Partners' proposed acquisitions of South Shore and Hallmark, and resolves the Commonwealth's investigation of Partners' joint payer contracting practices ("the Complaint"). As set forth more fully below, the Consent Judgment incorporates a combination of market tools and price and

growth restrictions to address comprehensively the competitive harms alleged in the Complaint and, therefore, is consistent with the public interest. The Consent Judgment is lawful, is squarely within the scope of the Attorney General's authority and prosecutorial discretion and, accordingly, should be entered by the court.

I. PROCEDURAL BACKGROUND

The proposed Consent Judgment is the result of extensive investigations into Partners' market conduct and proposed acquisitions. The Office of the Attorney General issued its first Civil Investigative Demands regarding Partners' conduct and affiliation practices in 2009. Following Partners' announcement of its proposed acquisitions of South Shore in 2012, and of Hallmark in 2013, the Attorney General issued additional Civil Investigative Demands to evaluate the likely competitive impact of those proposed acquisitions. As part of these investigations, attorneys and staff of the Attorney General's office and their experts have reviewed hundreds of thousands of documents, compiled and reviewed economic projections, interviewed witnesses, and conducted depositions of relevant market participants. The Attorney General also coordinated her investigation with that of the Antitrust Division of the Department of Justice. Staff and experts of each office often worked together to examine the potential competitive effects of the various transactions and practices at issue.

Following these investigations, the Attorney General prepared and filed the Complaint in this action alleging that proposed acquisitions by Partners of South Shore and Hallmark, as well as the contracting practices on behalf of certain non-owned affiliate physicians, violated General Laws c. 93A. Specifically, the Attorney General alleges that: (1) Partners' proposed acquisitions of South Shore and of Hallmark would substantially lessen competition in Eastern Massachusetts; and (2) Partners' practice of negotiating reimbursement rates with health insurers

on behalf of non-owned affiliate physician groups that are not also closely affiliated with a Partners hospital ("joint contracting") unreasonably restrains trade. Simultaneously with the filing of the Complaint, the Attorney General filed the proposed Consent Judgment. As the proposed Consent Judgment indicates, Partners disputes the allegations of the Complaint and admits no liability. However, to end the investigations and resolve the issues between the parties, the Attorney General and Partners have negotiated the proposed Consent Judgment.

As described below, the Attorney General has determined that the Consent Judgment addresses the potential competitive harm sought to be addressed in the Complaint. For up to ten years, the Consent Judgment will require Partners to fundamentally alter the way it contracts with health insurers for its business; change its current contracting relationship with certain non-owned affiliated physicians; restrict its future hospital and physician network growth; and be prohibited from increasing its prices beyond certain comprehensive price growth restrictions.

II. STANDARD OF REVIEW

A. Established Policy Strongly Favors Settlements Negotiated By Public Agencies

In light of well-established public policies favoring settlement and deference to prosecutorial discretion, judicial review of consent judgments is important but appropriately limited. While courts have some discretion in defining the extent of their inquiry into a consent judgment, the analysis typically focuses on whether entry of the proposed judgment is reasonable, and not contrary to the public interest. *E.g., United States v. Gillette Co.*, 406 F.Supp. 713, 717 (D. Mass. 1975) (entering a consent decree because it is a "satisfactory compromise from the standpoint of relief, and is in the public interest."); *United States v. City of Miami*, 614 F.2d 1322, 1333 (5th Cir. 1980) *aff'd in relevant part,* 664 F.2d 435 (5th Cir. 1981) (en banc) (stating that the trial court "need only determine that the proposed settlement is not

unconstitutional, unlawful, contrary to public policy, or unreasonable before approval is granted"). The most essential aspect of this inquiry is to confirm the legality of the proposed consent judgment and that it is the result of adversarial negotiations absent evidence of fraud or collusion. *SEC v. Citigroup Global Markets*, 2014 WL 2486793, at *7 (2d Cir. June 4, 2014) (stating that the focus of the consent judgment inquiry "should be on ensuring the consent decree is procedurally proper," while taking care not to infringe on the government's "discretionary authority to settle on a particular set of terms"). Where, as here, the Attorney General proposes a lawful consent judgment that is the considered result of arm's length negotiations, courts appropriately defer to the valid exercise of prosecutorial discretion.

Established precedent favors the use of negotiated consent judgments as an efficacious and fair means of resolving disputes. State and federal policy encourages the resolution of disputes as a means of achieving important remedies without requiring the intensive resources and uncertainties of a trial. *Conservation Law Foundation of New England, Inc. v. Franklin*, 989 F.2d 54, 58 (1st Cir. 1993) ("we recognize a strong and 'clear policy in favor of encouraging settlements,' especially in complicated regulatory settings") (quoting *Durrett v. Housing Authority of Providence*, 896 F.2d 600, 604 (1st Cir. 1990)); *Bowers v. Board of Appeals of Marshfield*, 16 Mass. App. Ct. 29, 33 (1983) (consent judgments "are a useful device to resolve disputes and are as much of an adjudication for purposes of applying the principle of judgment preclusion as any other final judgment").

B. Given Such Policies, Judicial Review of Government Consent Decrees Is Appropriately Deferential

The Attorney General and other government agencies entrusted to enforce the public interest are afforded substantial discretion in deciding how to prosecute and resolve claims; where government agencies determine that a given consent judgment best serves the public

interest, courts give substantial deference to that determination. *Conservation Law Foundation of New England*, 989 F.2d at 58 (stating that the court "must exercise some deference to the agency's determination that settlement is appropriate"); *Wellman v. Dickinson*, 497 F.Supp. 824, 830 (S.D.N.Y. 1980) (presumption in favor of a settlement is particularly strong when it is negotiated and endorsed "by a government agency committed to the protection of the public interest"). This deference is rooted not only in recognition of the developed expertise of public agencies, but also in due accord to the prosecutorial discretion entrusted to the executive branch of government. *SEC v. Citigroup Global Markets, Inc.*, 673 F.3d 158, 163-64 (2d Cir. 2012) (in light of discretion entrusted to agencies, "a court's authority to second-guess an agency's discretionary and policy-based decision to settle is at best minimal"); *see Zora v. State Ethics Comm'n*, 415 Mass. 640, 652 (1993) (when agency granted prosecutorial discretion, courts will interfere with exercise of that discretion only in extraordinary circumstances).

For these reasons, judicial review of consent judgments is primarily focused on legality and considerations of procedural fairness. Courts properly review consent judgments to ensure several core requirements are met. First, a court should ensure that they are not ordering conduct that contravenes the law. *E.g., Bowers*, 16 Mass. App. Ct. at 31-34 (reviewing and partially vacating a consent judgment because the defendant Marshfield selectmen lacked authority to encumber town property as promised in the consent judgment). Second, a court should ensure that any terms that the court might one day have to enforce are reasonably clear. *E.g., Angela R ex rel. Hesselbein v. Clinton*, 999 F.2d 320, 325 (8th Cir. 1993) (consent judgment vacated because it did not adequately define an enforcement mechanism). Third, a court should ensure that the consent judgment relates to a genuine dispute by virtue of having some reasonable

relationship to the claims asserted. *Citigroup Global Markets*, 2014 WL 2486793, at *7 (2d Cir. June 4, 2014).[1] In all respects, the Consent Judgment meets these requirements.

Considerations of procedural fairness provide that a court should ensure that a consent judgment springs from the valid consent of the parties and that it is the result of genuine adversarial negotiations rather than fraud or collusion. *Id.* at *8 (court may validly probe whether "the consent decree was entered into as a result of improper collusion."). Once those considerations are met – where, as here, a government agency headed by an elected official charged with enforcing the public interest reaches a lawful consent judgment by means of intense arm's length negotiations with adversarial parties – a court's inquiry is limited to ensuring that entering the consent judgment is consistent with the public interest. As in any case in which the Attorney General seeks injunctive relief, the court must consider the public interest.[2] But the public interest inquiry is a narrow one: the inquiry is not "what the district court believes might have been the optimal settlement." *U.S. v. Cannons Engineering*, 720 F.Supp. 1027, 1036 (D. Mass. 1989). Rather, the court's duty is to determine "whether the settlement is within the reaches of the public interest." *Id.*, *quoting U.S. v. Gillette Co.*, 406 F.Supp. 713, 716 (D. Mass. 1975); *see City of Miami*, 614 F.2d at 1331 ("an active role for the trial court in approving the adequacy of a settlement is the exceptional situation, not the general rule ... Trial judges have been told that absent fraud, collusion or the like they should be hesitant to substitute their judgment for that of experienced counsel.").

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[1] Note that while the relief in a consent judgment should have some reasonable relationship to the underlying claims asserted, a consent decree may contain broader relief than a court could have awarded after a trial. *Local No. 93, Int'l Ass'n of Firefighters, AFL-CIO C.LC. v. Cleveland*, 478 U.S. 501, 525 (1986). In the instant case, the Consent Judgment contains more extensive relief than could typically be achieved in a hospital merger challenge, including limitations on Partners' future network expansion and restrictions on future rate increases.

[2] It is important to note that the court's review is not the type of review that a court must undertake in approving a class action settlement under Mass. Rule. Civ. P. 23, in which the court considers fairness to class members who will be bound by the class action settlement.

Accordingly, judicial review of government consent decrees is properly focused on whether the consent judgment is reasonable and consistent with the public interest. This determination primarily depends upon whether the consent judgment is lawful and the result of adversarial negotiations. Beyond those considerations, decisions to bring and to resolve claims are at the core of the Attorney General's prosecutorial discretion. *See Secretary of Administration and Finance v. Attorney General*, 367 Mass. 154, 159 (1975) (Attorney General, as chief law officer of the Commonwealth, has control over the conduct of litigation involving the Commonwealth). As such, significant deference is due to the Attorney General's conclusion that a given consent judgment best serves the public interest.[3]

III. THE RELIEF SOUGHT

In the Complaint, the Commonwealth seeks to enjoin Partners from acquiring South Shore and Hallmark pursuant to Massachusetts General Laws c. 93A, § 2. The Complaint also seeks to enjoin Partners from joint contracting on behalf of non-owned affiliated physicians who are not also affiliated with a Partners' hospital. The Consent Judgment represents an appropriate compromise of disputed claims that the South Shore and Hallmark acquisitions would substantially lessen competition in relevant markets and that the disputed joint contracting practices are unlawful. With its comprehensive conduct remedies and price growth restriction, the Consent Judgment provides an effective alternative to the injunctions sought in the Complaint, and addresses the alleged competitive harm that is sought to be avoided. Absent entry of the Consent Judgment, the Attorney General could pursue litigation to remedy the alleged harm caused by some or all of the transactions or practices at issue. All are addressed by

[3] In antitrust merger cases brought by the Department of Justice, the process for entry of a consent decree is governed by a federal statute, not applicable here, the Antitrust Procedures and Penalties Act, 15 U.S.C. §§ 16(b) - (h). The scope of the federal district court review of the proposed decree is of similar scope as is described above.

the settlement. The remedies achieved in the Consent Judgment are broad-based and extend beyond the transactions at issue. Were the Commonwealth to litigate these claims, it is foreseeable that defendants would vigorously dispute the allegations in the Complaint as well as the requests for comprehensive relief.

IV. THE TERMS OF THE PROPOSED CONSENT JUDGMENT

The proposed Consent Judgment seeks to address many of the harms that the mergers and Partners' contracting practices have caused or may cause on the market. It is the result of intense, adversarial negotiations between the Attorney General and Partners that has taken place over several months. Partners asserts that the acquisitions and its contracting practices are permissible under the law. The Attorney General alleges that Partners should not be permitted to proceed with the proposed acquisitions and current joint contracting practices or should do so only subject to appropriate restrictions. The Consent Judgment reflects compromises on both sides of the negotiation, with due consideration for litigation risks, procedural costs, and the public interest. Broadly speaking, Partners may complete its proposed acquisitions, but only on terms that mitigate the alleged risk of competitive harm. These terms include new and meaningful restrictions on how Partners may negotiate contracts with health insurers; restrictions on how and to what extent Partners can grow its physician and hospital network; and restrictions on overall price growth in what Partners' charges for its services and facilities.

The Consent Judgment seeks to prevent excessive health care cost increases both directly and indirectly. It restrains cost growth directly by way of a cap on Partners' future rate increases. It also restrains cost growth indirectly by restricting Partners' contracting practices and by restricting Partners' future growth – these measures, in turn, restrain Partners' negotiating clout. All combined, the remedies set forth in the Consent Judgment should help to curb

Partners' alleged ability to seek supra-competitive prices for its physicians and hospitals. The provisions of the Consent Judgment are consistent with state and federal law. The Consent Judgment restricts only the rights and conduct of the parties consenting to its entry. As with most settlements, it releases certain legal claims. It does not impair the legal rights or claims of non-consenting third parties.

A. Market Tools

The Consent Judgment provides a combination of market tools and growth and price restrictions that work together to ensure that Partners cannot use the market clout alleged in the Complaint to extract supra-competitive price terms from health plans. One important aspect of the Consent Judgment is the "component contracting" tool which empowers payers, at their option, to negotiate for all or only certain components of the Partners network. The Commonwealth asserts that Partners' ability to extract high prices in contract negotiations with payers is due, in part, to its effective ability to demand "all or nothing" contracting with the health insurers. That is, the payers are effectively required to take the entirety of the Partners network, or take none of it and have no Partners hospitals or providers within the insurer's network of providers. Under these circumstances, payers allegedly might include more Partners' providers than may be necessary for a particular health plan.

To address this issue, the Consent Judgment contains provisions that allow payers, at their option, to contract with any or all of four component parts of Partners: (1) Academic Medical Centers[4] ("AMCs"); (2) Community Hospitals and Community Physicians[5]; (3) South

[4] AMCs include Massachusetts General Hospital ("MGH")/Massachusetts General Physician Organization ("MGPO"), Brigham & Women's Hospital ("BWH")/Brigham & Women's Physician Organization ("BWPO"), Spaulding Rehabilitation Hospital and McLean Hospital and their respective physicians.

Shore Entities[6]; and (4) Hallmark Health System.[7] Component contracting provisions will continue for a period of ten years. This fundamental change to Partners' current way of contracting with payers secures substantial benefits for consumers and advances a more competitive marketplace with relief not otherwise available through a challenge to the South Shore or Hallmark acquisitions. Thus, this provision, and the Consent Judgment as a whole, is in the public interest because it allows payers negotiating with Partners to pick and choose which components are necessary for payers to offer a successful health plan in Massachusetts. This provision also allows payers to create new limited network products that may be priced lower than other products offered by the insurer which include a more expansive panel of providers.

In addition to the component contracting tool, the Consent Judgment requires another significant change to Partners' contracting practices. Partners is prohibited from joint contracting with certain affiliated providers who are not owned by Partners. Affiliated providers are health care providers who are not owned or employed by Partners but on whose behalf Partners negotiates reimbursement rates with payers.[8] Partners may not enter into any new joint payer contracting relationships with affiliated providers on or after the date of entry of the Consent Judgment. Partners may not renew or extend existing joint contracting relationships with current non-owned affiliates, and is required to phase out all such relationships over a three-

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[5] Community Hospitals and Community Physicians include all non-AMC Partners providers with the exception of Hallmark Health System and South Shore Hospital, South Shore PHO, and Harbor Medical Associates.

[6] South Shore Entities include South Shore Hospital, South Shore PHO, and Harbor Medical Associates.

[7] Hallmark Health System includes Lawrence Memorial Hospital, Melrose-Wakefield Hospital, Hallmark Health PHO and related entities.

[8] The analysis of Partners' affiliation with such physician groups requires, among other things, an analysis of whether there is sufficient integration, through risk sharing contracts and quality enhancement initiatives, between Partners and the relevant physicians to justify the collective negotiation of reimbursement rates for physician services with third party payers.

year period. Payers may opt to cease joint contracting with affiliates earlier than that at their option.[9] The Consent Judgment does permit Partners to continue to joint contract with non-owned affiliates that contract together in a Physician-Hospital Organization with an owned Partners hospital.

This change is reasonable and in the public interest because it will help ameliorate the competitive harm alleged in the Complaint. The Complaint alleges that the affiliate arrangements do not yield sufficient efficiencies and quality improvements to outweigh potential competitive harm; the Consent Judgment therefore compels Partners to terminate such affiliations, and prohibits those relationships in the future.

B. Restrictions on Physician and Hospital Network Growth

Another important set of remedies included in the Consent Judgment are restrictions on the overall size of Partners physician and hospital networks through growth caps. The Consent Judgment places a restriction on future hospital network growth in Eastern Massachusetts for a term of seven years by requiring review and approval by the Attorney General for any proposed acquisition by Partners of a hospital in Eastern Massachusetts, defined in the Consent Judgment to include ten counties in the state, including Worcester County. The approval will be at the Attorney General's discretion. This discretionary approval process is in addition to any review required by the Health Policy Commission ("HPC") or antitrust legal review. This remedy is reasonable and in the public interest because it ensures that the Attorney General may stop future transactions if Partners' seeks to expand its hospital network in Eastern Massachusetts, without the need to bring a successful antitrust lawsuit to enjoin the transaction. The Consent Judgment

[9] The Consent Judgment provides for a one-year longer period of implementation with respect to Emerson PHO and allows for certain exemptions subject to the approval of the Attorney General.

thus provides an effective new remedy to prevent problematic hospital acquisitions which currently may be blocked only if the Attorney General brings a legal action to enjoin the transaction. Emerson Hospital, which is currently aligned with Partners through a clinical affiliation, is the only hospital in Eastern Massachusetts which is not subject to the discretionary approval provision. Should Partners' seek to acquire Emerson in the future, that transaction will be subject to regular antitrust, regulatory, and HPC review.

The Consent Judgment also places important restrictions on future physician network growth in Eastern Massachusetts. The growth in size of the Partners' physician network has long been of concern to many market participants. To address this concern, the Consent Judgment places restrictions on future growth for a five-year term for three categories of physicians who participate in the Partners network: (1) Community physicians; (2) Academic Medical Center ("AMC") physicians practicing in the community; and (3) AMC/primary care physicians ("AMC/PCP").

Community Physicians. Community physicians are physicians in the Partners network who primarily practice in non-AMC facilities. For a period of five years, the number of community physicians in Partners' physician network is "capped" or otherwise growth restricted under the terms of the Consent Judgment. In addition, the Consent Judgment requires Partners to provide the Attorney General with advance notice of planned acquisitions of physician groups in Eastern Massachusetts. Absent the Consent Judgment, no such growth restriction or notice requirement exists, nor could it have been achieved if the Commonwealth had sought to enjoin either the South Shore or the Hallmark hospital transactions. In addition, Partners would vigorously contest a lawsuit seeking to challenge directly the expansion of physician networks in various communities. Thus, while the Commonwealth may have sought to obtain these

limitations through litigation, the settlement provides an important new limit on Partners' ability to grow its physician network and addresses the harm alleged in the Complaint posed by the unchecked expansion of Partners' physician network.

AMC physicians. The remedy also limits Partners' inclusion in its network of additional AMC physicians who practice outside the greater Boston core area served by Partners' academic medical centers. Most of these physicians, because they frequently maintain teaching or research responsibilities, as opposed to full-time clinical practices, will be counted towards the community physician cap on a full-time equivalent ("FTE") basis.[10]

AMC PCPs. AMC physicians who practice in AMCs or AMC facilities in the Metro Boston core area will be further identified as "AMC PCPs" and will be subject to a growth cap, meaning that Partners may only increase the number of AMC PCPs within its network according to defined growth limitations. The Consent Judgment contains no similar limitations on AMC specialists and those not considered "primary care" physicians, but Partners shall not be permitted to affirmatively solicit existing practice groups at non-Partners AMCs in Eastern Massachusetts. The Consent Judgment provides the Attorney General with the right to monitor and obtain information relating to any non-capped AMC growth in order to guard against the undermining of the purposes of the growth caps. The physician growth cap remedies are reasonable, and in the public interest because they restrict the unfettered expansion of Partners' physician network, thereby reducing risk of competitive harm.

C. Comprehensive Price Growth Restriction

In addition to the Consent Judgment's market tool provisions and overall size restrictions, the Consent Judgment includes a "backstop" provision designed to limit price increases that may

[10] In light of existing clinical relationships, BWPO physicians practicing at Faulkner are not included towards the cap.

occur after the proposed South Shore and/or Hallmark acquisitions. The Consent Judgment places a comprehensive price growth restriction on substantially all of Partners' providers, including hospitals, out-patient facilities, physicians, health care professionals and all other related Partners-billed services. For six and one half years, the rate of increase, if any, of prices charged for Partners' health care services shall not exceed the lower of general inflation or medical inflation. This price growth restriction is measured and applied with respect to the Community (including Hallmark for this purpose), AMC and South Shore Contract Components.

The Consent Judgment provides a detailed methodology to measure and implement this comprehensive price growth restriction. The price growth cap will apply to all of Partners' Commercial Business.[11] Under the Consent Judgment, "Commercial Business" includes substantially all of Partners' commercial business across all payer products and includes Partners' "Commercial Risk Business". Commercial Risk Business includes commercial business for which Partners bears financial risk associated with a patient's total medical expense ("TME"). The price growth restriction for Commercial Business is tied to the lower of (i) the general inflation index, or (ii) the medical inflation index. Any increase in prices in Commercial Business shall be less than or equal to the price growth cap. For Commercial Risk Business, any increase in TME shall be less than or equal to the Health Policy Commission's annually determined cost growth benchmark.[12] The Consent Judgment further requires that in any years in which the price increases or TME increases exceed those allowed under the judgment,

[11] Commercial Business does not include business reimbursed by government payers.

[12] The HPC has an annually determined cost growth benchmark. Pursuant to state law it has been set at 3.6% for 2013. The benchmark functions as a goal but not a legal limit, and as such exceeding the benchmark does not require the provider to reimburse the excess.

Partners will be required to refund the amount charged or received in excess of the price growth caps or TME growth caps to the relevant payers.

These price and TME growth cap restrictions will significantly limit Partners' ability to raise its reimbursement rates, and for that reason, the price and TME growth cap portion of the Consent Judgment is reasonable and in the public interest.

D. The Proposed Acquisitions of South Shore Hospital and Hallmark Health System

The Consent Judgment reflects substantial relief that addresses the competitive harm alleged in the Complaint concerning the proposed acquisitions of South Shore and Hallmark. The Health Policy Commission conducted a review of the proposed South Shore Hospital acquisition pursuant to M.G.L. c. 224 and referred the matter to the Attorney General's Office for law enforcement review.[13] The HPC's report found that the cost impact of the transactions involving South Shore Hospital and Harbor Medical Associates was anticipated to increase total medical spending by $23 million to $26 million per year.[14] However, the Consent Judgment addresses the cost concerns identified by HPC by subjecting the South Shore entities to an independently applied price growth restriction, described above, (incorporating a pre-acquisition baseline for prices) for a period of six and a half years, and treating South Shore as a separate component in component contracting as described above for a period of seven years. This change is reasonable and in the public interest because it addresses directly the concerns articulated by the HPC by placing a price growth cap and keeping South Shore Hospital as a separate contracting component for a substantial period of time.

[13] *Review of Partners HealthCare System's Proposed Acquisition of South Shore Hospital (HPC-CMIR-2013-1) And Harbor Medical Associates (HPC-CMIR-2013-2), Final Report (February 19, 2014)*, available at http://www.mass.gov/anf/docs/hpc/20140219-final-cmir-report-phs-ssh-hmc.pdf
[14] *Final Report*, at p.57.

With respect to the proposed acquisition of Hallmark Health System, the Consent Judgment requires Hallmark be treated as a separate component for contracting purposes with payers for a period of seven years. In addition, the price and physician growth restrictions that apply to Partners will also apply to Hallmark once it becomes part of Partners. Finally, the HPC has not yet completed its review of the proposed Hallmark transaction. The Consent Judgment includes a provision requiring that Partners and the Attorney General confer to seek to mitigate any material price impacts predicted by the HPC in its final review as a result of the proposed acquisition.

V. CONCLUSION

For the reasons set forth above, the proposed Consent Judgment is fully consistent with Massachusetts General Laws. c. 93A, § 2, and its remedies fall squarely within the Attorney General's authority under that statute. The proposed Consent Judgment fundamentally alters the way Partners may contract with health insurers for its business; changes its contracting practices for non-owned hospitals and physicians; restricts its future hospital and physician network expansion; and subjects Partners to comprehensive price growth restrictions. The Consent Judgment addresses the potential harms sought to be addressed in the Complaint, is in the public interest, and should be entered.

The Attorney General asks that the proposed Consent Judgment be entered by the Court promptly. The Consent Judgment is effective as of the date of entry. Prompt entry will allow the relief contained in the Consent Judgment to go immediately into effect.

Respectfully submitted,

COMMONWEALTH OF MASSACHUSETTS

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CERTIFICATE OF SERVICE

I, William T. Matlack, hereby certify that on June 24, 2014 I served true copies of the foregoing *Memorandum of the Commonwealth of Massachusetts in Support of the Entry of Final Judgment*, by sending a copy thereof by electronic and U.S. mail, to:

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