MASSACHUSETTS
HEALTH POLICY COMMISSION

HPC Board Meeting

September 19, 2024

Agenda

CALL TO ORDER

Approval of Minutes **(VOTE)**

Steward Health Care Market Transactions

2024 Health Care Cost Trends Report: Discussion of Findings and Recommendations

HPC's New Behavioral Health Workforce Center

Executive Director's Report

Adjourn


MASSACHUSETTS
HEALTH POLICY COMMISSION
Meeting Notice and Agenda
MEETING NOTICE AND AGENDA
NOTICE OF MEETING AND AGENDA
300

Agenda

Call to Order

APPROVAL OF MINUTES (VOTE)

Steward Health Care Market Transactions

2024 Health Care Cost Trends Report: Discussion of Findings and Recommendations

HPC's New Behavioral Health Workforce Center

Executive Director's Report

Adjourn

VOTE

Approval of Minutes from the July 18, 2024 Board Meeting

MOTION

That the Commission hereby approves the minutes of the Commission meeting held on **July 18, 2024**, as presented.

Agenda

Call to Order

Approval of Minutes **(VOTE)**

STEWARD HEALTH CARE MARKET TRANSACTIONS

2024 Health Care Cost Trends Report: Discussion of Findings and Recommendations

HPC's New Behavioral Health Workforce Center

Executive Director's Report

Adjourn

Steward Events Since July 18, 2024

August 15, 2024
Stewardship Health Medical Group and Rural Healthcare Group file MCNs with the HPC. MCN filing indicates the acquiring entity's intent to file a Hart-Scott-Rodino filing.

August 22, 2024
Court approves sale of Stewardship Health to Rural Healthcare Group

August 30, 2024
Lifespan indicates it will file any required HSR filings within 10 days of 8/29; BMC within 10 days of 8/30

August 31, 2024
Carney Hospital and Nashoba Valley Hospital close with court approval

Sept. 4, 2024
Court approves sale of 5 Steward Hospitals to Lifespan, Boston Medical Center, and Lawrence General Hospital

Sept. 4, 2024
Court approves additional payments to Steward hospitals through 9/30

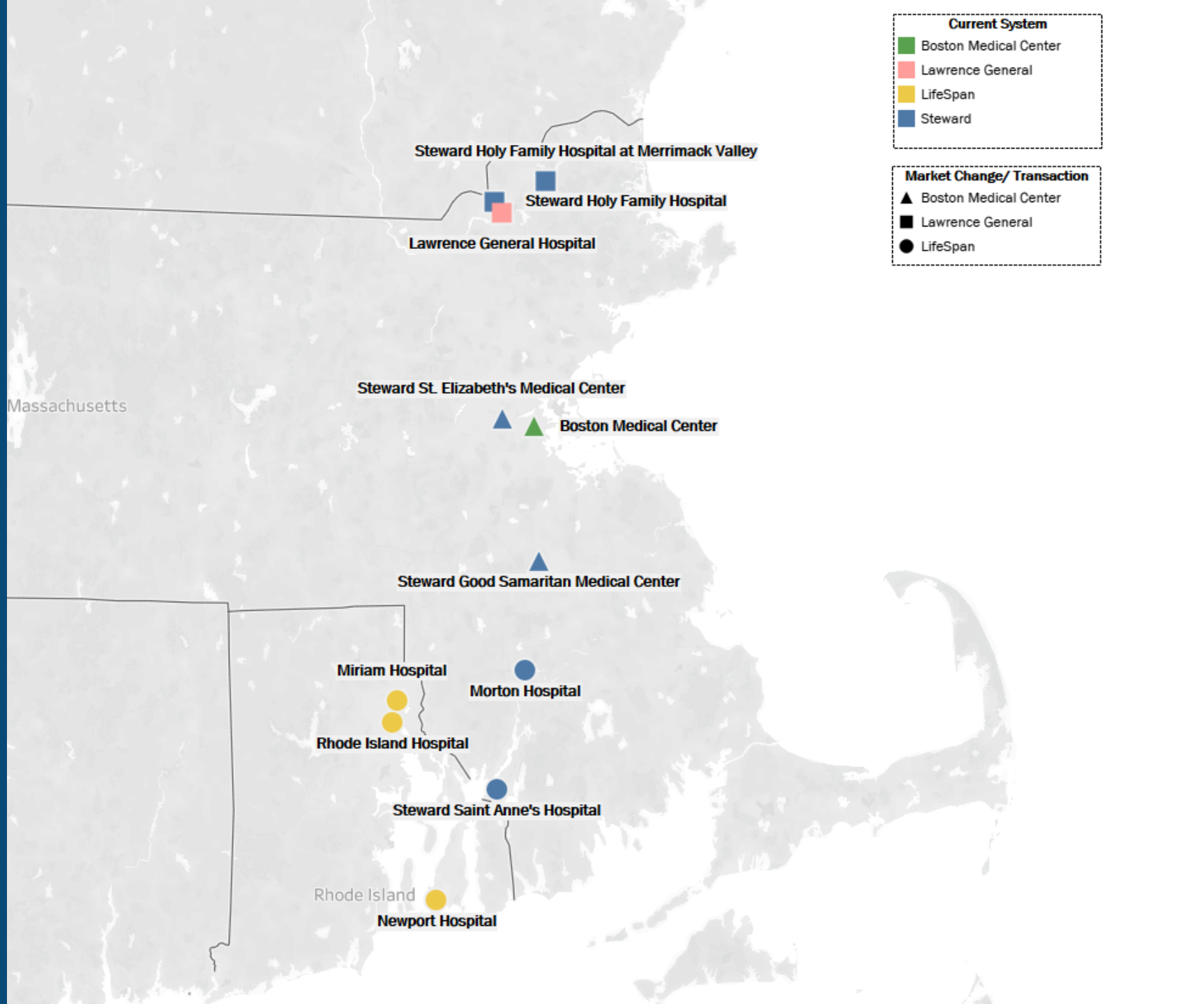
Sept. 6 – 10, 2024
Hospital acquisition MCNs filed with the HPC

Sept. 9, 2024
Emergency DoN applications submitted by BMC for Good Samaritan & St. Elizabeth's

Sept. 9, 2024
Emergency DoN applications submitted by Lifespan for Morton and St. Anne's

Sept. 11, 2024
Emergency DoN applications submitted by LGH for Holy Family

Steward and Acquiring Entity Locations



Material Change Notice: Steward Morton Hospital & Steward St. Anne's

The proposed acquisition of **Steward St. Anne's Hospital** and **Steward Morton Hospital**, acute care community hospitals in Fall River and Taunton, respectively, by Lifespan of Massachusetts, Inc., a subsidiary of **Lifespan Corporation**.

Lifespan Corporation currently owns and operates the largest healthcare system in Rhode Island, with one academic medical center (with a co-located children's hospital) and two community hospitals as well as a behavioral health hospital.

- The transaction would also include the employment of certain **Steward Medical Group physicians** by Lifespan to ensure ongoing continuation of services.
- Both parties anticipate that the hospitals would be operated in substantially the same way following the transaction.

Purchase price: $175 million, much of which is expected to be used to purchase the properties from Medical Properties Trust.

Material Change Notice: Steward Holy Family Hospital

The proposed acquisition of **Steward Holy Family Hospital**, an acute care community hospital with two campuses in Methuen and Haverhill, by **LG Newcorp**, a wholly owned subsidiary of **Lawrence General Hospital**, an acute care hospital in Lawrence.

- LG Newcorp would own and operate the two hospital campuses in Methuen and Haverhill.
- The transaction would also include the employment of certain **Steward Medical Group physicians** by LGH or LG Newcorp to ensure ongoing continuation of services.
- LG Newcorp would enter into an agreement with the Archdiocese of Boston to preserve the name "Holy Family Hospital" to aid in a seamless transition.

Purchase price: $28 million, much of which is expected to be used to purchase the properties from Medical Properties Trust.

Material Change Notice: Steward Good Samaritan & Steward St. Elizabeth's

Three separate MCNs by **BMC Health System** for:

- The proposed acquisition of **Steward St. Elizabeth's Medical Center**, an acute care teaching hospital in Boston;
- The proposed acquisition of **Steward Good Samaritan Medical Center**, an acute care community hospital in Brockton; and
- The proposed employment of certain **Steward office and hospital-based physicians** following these two hospital acquisitions.

BMC Health System would own Good Samaritan and St. Elizabeth's and would operate both hospitals following the transaction.

Hospital purchase price: $140 million, much of which is expected to be used to purchase the properties from Medical Properties Trust.

Material Change Notice: Stewardship Health, Inc.

- The proposed sale of Steward subsidiary **Stewardship Health, Inc.**, the parent of Stewardship Health Medical Group, which employs primary care and other clinicians across nine states, and Steward Health Care Network, a provider contracting network, to **Brady Health Buyers, LLC**, an affiliate of **Rural Healthcare Group** and subsidiary of **Kinderhook Industries**.
- **Purchase price:** $245 million
- **Target closing date:** October 30, 2024
- Medical Properties Trust real property leases are excluded from the transaction; however, Steward is required to assist Rural Healthcare Group with any new lease agreements.

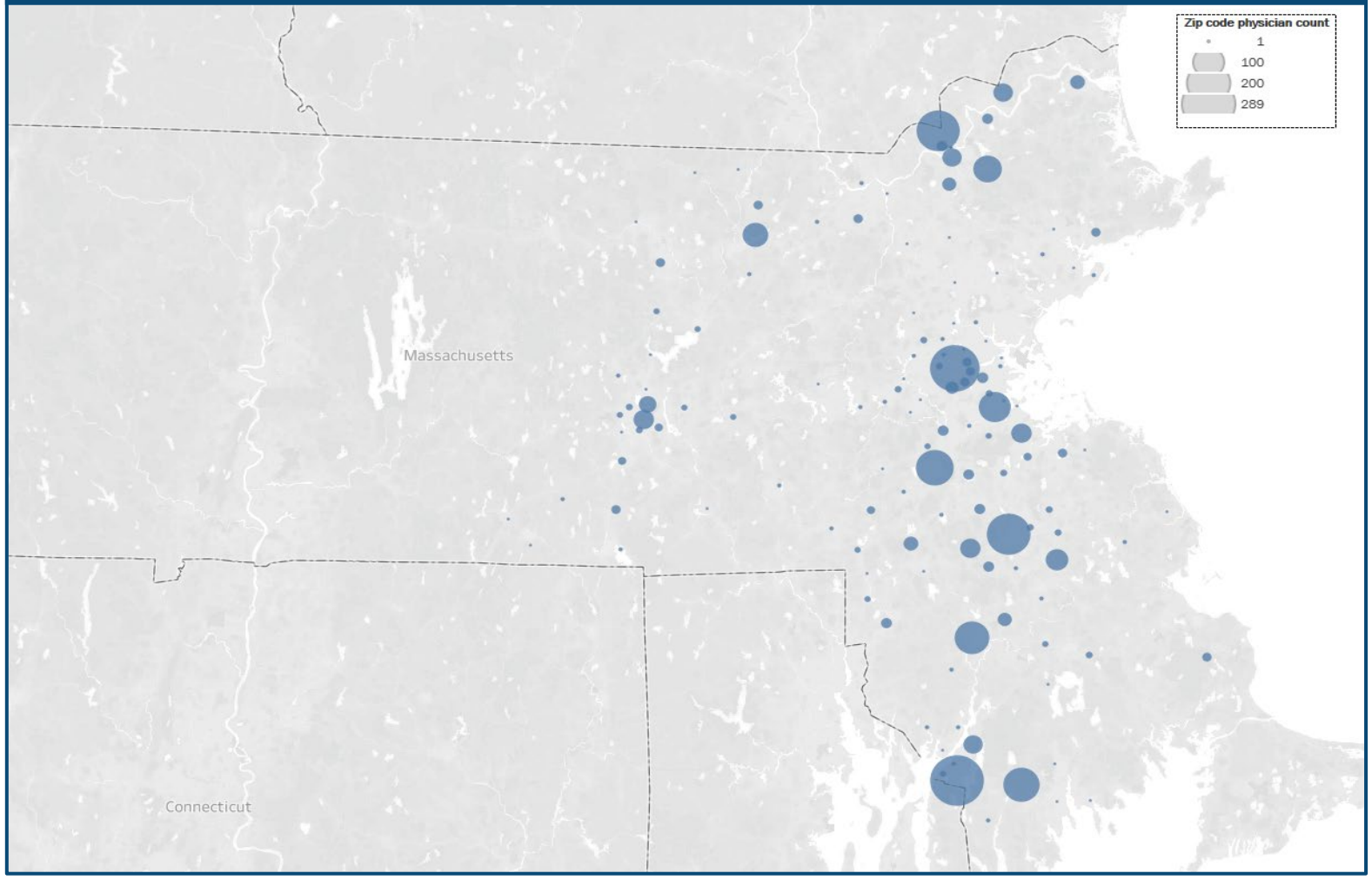
About Stewardship Health Inc.

- **Stewardship Health, Inc.** (SHI), a subsidiary of **Steward Health Care System**, is comprised of **Stewardship Health Medical Group, Inc., (SHMG)** and **Steward Health Care Network, Inc. (SHCN)**
  - **SHMG** employs primary care physicians, paneled specialist physicians, and other clinicians that provide care to patients in clinical practice locations across nine states, including Massachusetts
  - **SHCN** is a contracting organization that enters into value-based, risk-based, and other payer contracts on behalf of providers in the Steward health system
    - **SHCN** is currently the third-largest physician contracting network in Massachusetts, behind Mass General Brigham and Beth Israel Lahey Health, with **approximately 2,950 physicians** (45% employed; 86% specialists) reported into our Registration of Provider Organization (RPO) program
  - **SHI** provides administrative and other non-clinical business support services to SHMG and SHCN

Stewardship providers are located across the Commonwealth, with a particularly strong presence in the eastern and southern regions.

HPC

PCPs and Specialists by Location



Rural Healthcare Group and Kinderhook Industries Overview

Rural Healthcare Group is a value-based care provider with 17 primary care locations in North Carolina and Tennessee.

- The company was created in 2022 with the acquisition of three clinics from Smoky Mountain Urgent Care
- Since its initial transaction, RHG has acquired 14 additional clinics, including the acquisition of six clinics from Crossroads in 2023
- RHG clinics employ 2-3 providers on average, most of whom are APPs

Kinderhook Industries is a private equity company focused on investing in mid-sized companies.

- Since its start in 2003, Kinderhook has raised $8.5 billion in capital across 8 funds and participated in over 450 investments
- The company's portfolio includes 7 active health care holdings, which encompass pharmacy services, physician groups, health screening services, and communication support for the deaf and hard of hearing community

Kinderhook Industries Current Healthcare Portfolio

AbsoluteCare BEYOND MEDICINE

Avita

BetterHealth

LifeLine Screening

rural healthcare group

VRS

GlobalHealth

Overview of Material Change Notice Reviews

In the Material Change Notice (MCN) review process, the HPC assesses whether a transaction is likely to have "a significant impact on the Commonwealth's ability to meet the health care cost growth benchmark, or on the competitive market."

WHAT AN MCN REVIEW IS

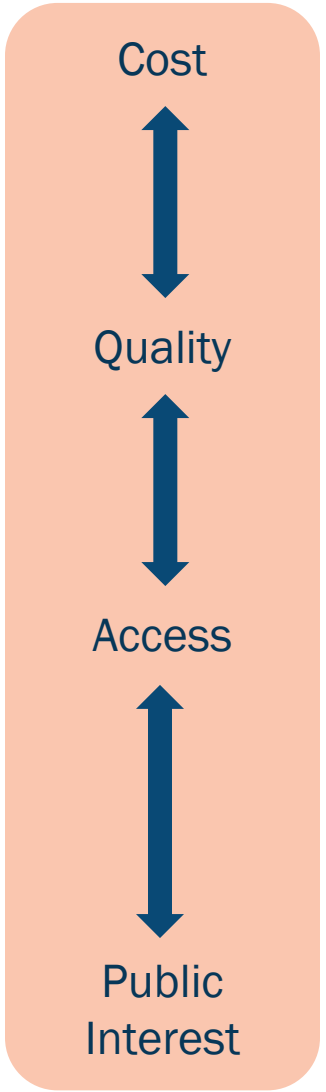
- A comprehensive, multi-factor review of the provider(s) and their proposed transaction.
- An opportunity for transparency of proposed changes, including public identification of transaction parties and the nature of proposed transactions.
- An interchange with market participants to review potential negative impacts and enhance positive outcomes of transactions.
- A review of data from private, state, and federal sources to assess potential impacts on price, utilization, market dynamics, quality of care, and equitable access to care.

WHAT IT IS NOT

- An MCN review is a separate but complementary process from Determination of Need reviews by Department of Public Health.
- An MCN review is distinct from antitrust or other law enforcement review by state or federal agencies.

Statutory Factors for Evaluating Transaction Impacts

MARKET FUNCTIONING



- Unit prices
- Health status adjusted total medical expenses
- Provider costs and cost trends
- Provider size and market share within primary service areas and dispersed service areas
- Quality of services provided, including patient experience
- Availability and accessibility of services within primary service areas and dispersed service areas
- Impact on competing options for health care delivery, including impact on existing providers
- Methods used to attract patient volume and to recruit or acquire health care professionals or facilities
- Role in serving at-risk, underserved, and government payer populations
- Role in providing low margin or negative margin services
- Consumer concerns, such as complaints that the provider has engaged in any unfair method of competition or any unfair or deceptive act
- Other factors in the public interest

Material Change Notice (MCN) Timeline

MCN Notice(s) Filed

HPC Requests Additional Data from Parties

e.g., missing transaction materials, volume and payer mix data, revenue information

Gather relevant public info e.g., CHIA data, DoN filings

An MCN is considered complete when all requested information is received by the HPC.

Parties must provide final, definitive transaction agreement(s)

HPC Staff Finalizes Recommendations and Briefs HPC Leadership and the HPC Board

NOTICE PENDING

UP TO 30 DAYS TO REVIEW

Decision to Close Review or Initiate a Cost and Market Impact Review

Initial Documents Collected

- MCN forms from all necessary parties
- Organizational charts
- Transaction documents

Initial Call with Parties

HPC promptly identifies any additional necessary information

HPC Conducts Analyses

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Steward Health Care Market Transactions

2024 HEALTH CARE COST TRENDS REPORT: DISCUSSION OF FINDINGS AND RECOMMENDATIONS

HPC's New Behavioral Health Workforce Center

Executive Director's Report

Adjourn

Introduction to the HPC's Annual Health Care Cost Trends Report

What is the Health Care Cost Trends Report?

- State law directs the HPC to issue an **annual report on health care spending trends**, along with any **policy recommendations.**
- In this annual report for 2024, the HPC presents **new research** to enhance the collective understanding of the performance of the Commonwealth's health care system and evaluates progress in meeting the state's **affordability**, **access**, and **health equity** goals.
- The material is presented in a **narrative report** and an accompanying **graphic chartpack**. For the past few years, select material has also been made available in an **interactive Tableau** format on the HPC's website.
- This report is informed by sources including the data and research of the **Center for Health Information and Analysis (CHIA)**, as well as by presentations and testimony submitted during the **HPC's 2023 Annual Health Care Cost Trends Hearing** and the **2024 Health Care Benchmark Hearing.**

2024 Health Care Cost Trends Report: Outline and Today's Presentation

- **Chapter #1: Massachusetts Spending Performance and Affordability of Care** *Highlights presented at the HPC Board meeting on September 19, 2024*
- **Chapter #2: Variation in Treatment Intensity** *Select findings presented at the HPC Board meeting on September 19, 2024*
- **Chartpacks** *Select findings presented at the HPC Board meeting on September 19, 2024*
  - Primary Care and Behavioral Health
  - Price Trends and Variation
  - Hospital Utilization
  - Post-Acute Care
  - Provider Organization Performance Variation
- **Performance Dashboard**
- **Policy Recommendations** *Discussion at the HPC Board meeting on September 19, 2024*

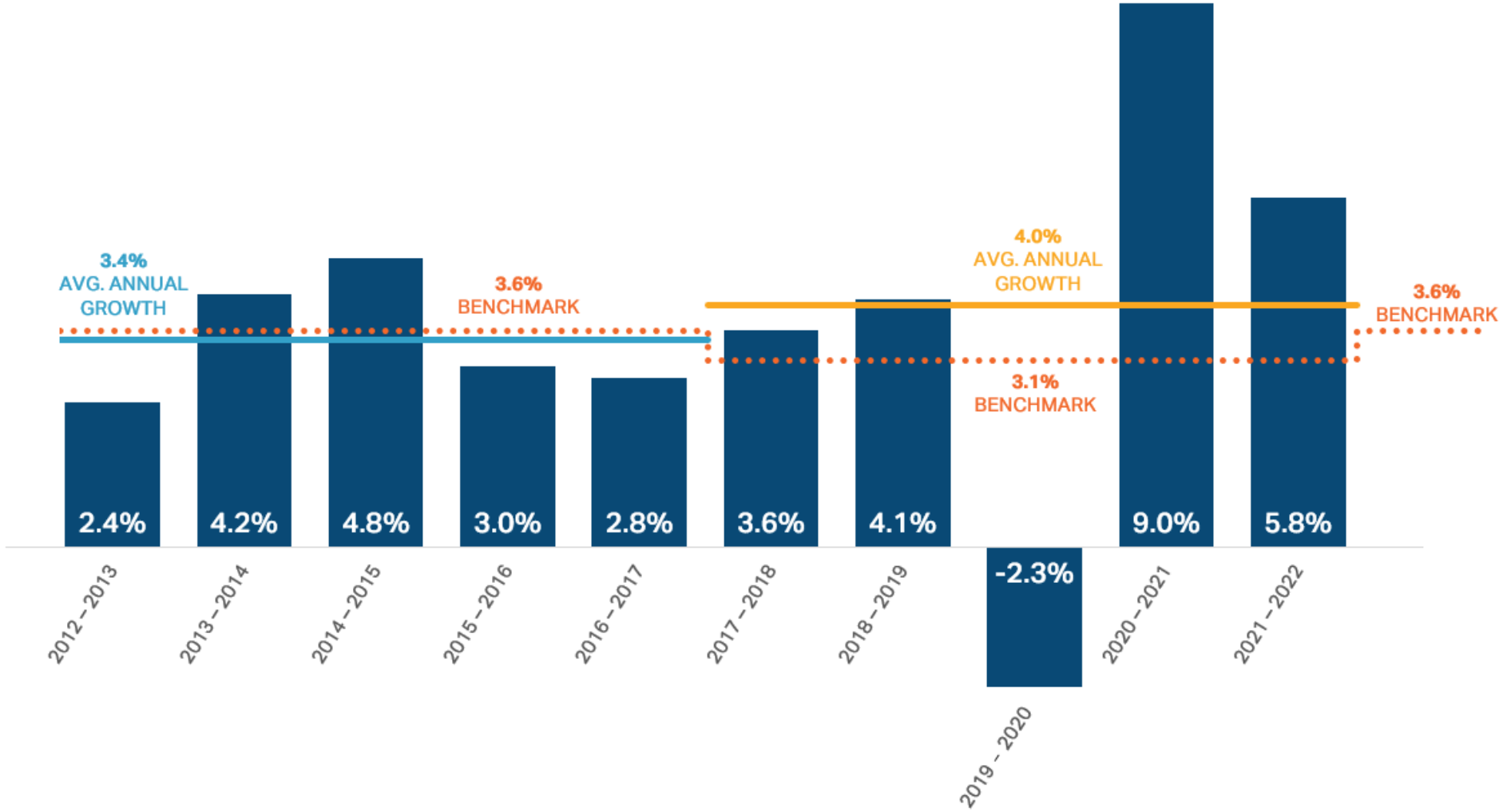
- The full report, including the 2024 Policy Recommendations, will be considered for a vote by the HPC Board and released at the HPC's next public meeting.

Presentation Outline

1. **Broad Spending Trends**
2. Affordability of Care
3. Highlights from Chartpacks
    - Price Trends and Variation
    - Provider Organization Performance Variation
    - Primary Care and Behavioral Health
    - Hospital Utilization and Post-Acute Care
4. New Examination for 2024 CTR: Variation in Intensity of Care
5. 2024 Policy Recommendations

Health care spending growth in Massachusetts was below the benchmark from 2012 to 2017, but above from 2017 to 2022, on average.

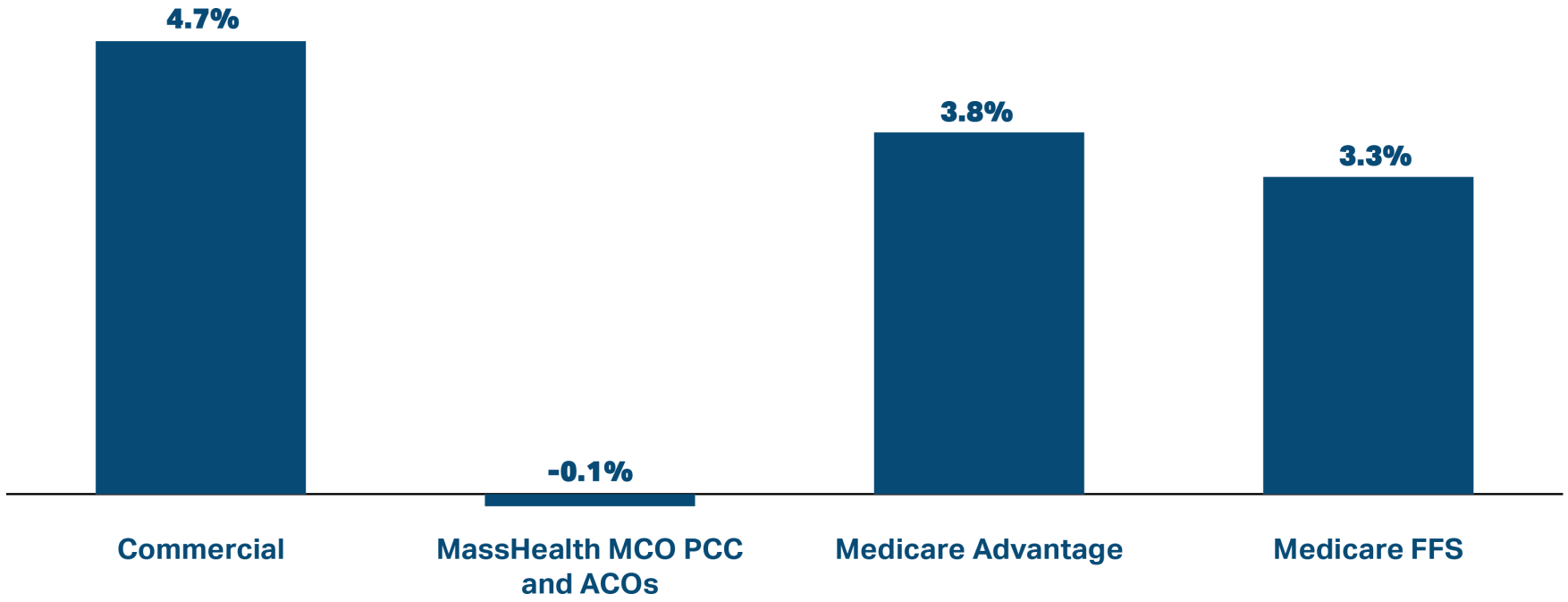
Annual growth in total health care expenditures per capita in Massachusetts, 2012-2022



Sources: Center for Health Information and Analysis, Annual Report on the Performance of the Massachusetts Health Care System 2013-2024.

Average commercial spending growth per enrollee from 2019 to 2022 exceeded growth for Medicare and MassHealth full coverage enrollees.

Average annual growth in spending per enrollee by market, 2019-2022, with total enrollment change

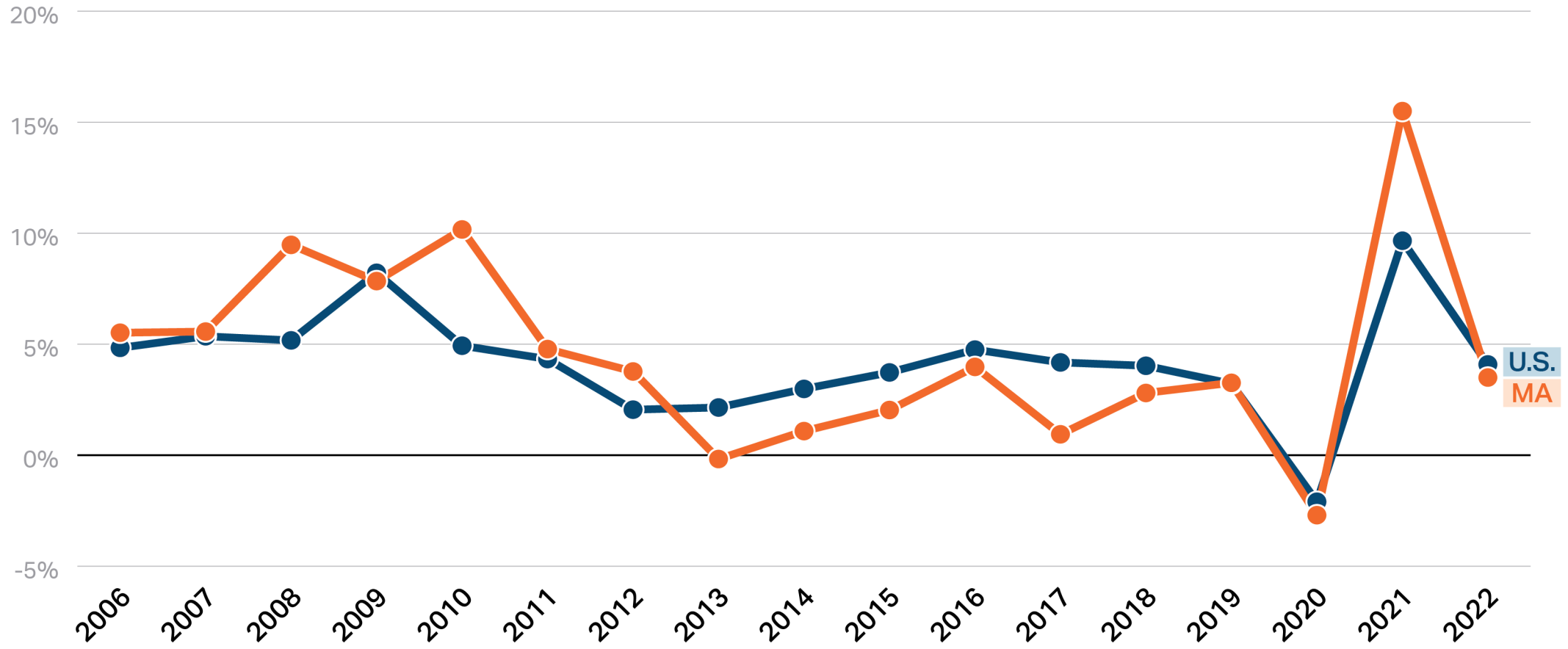


	Commercial	MassHealth MCO PCC and ACOs	Medicare Advantage	Medicare FFS
Enrollment change (2019-2022)	-8.5%	27.8%	30.1%	-3.7%

Notes: Commercial spending includes net cost of private health insurance and is net of prescription drug rebates. MassHealth includes only full coverage enrollees in the Primary Care Clinician (PCC), Accountable Care Organization (ACO-A, ACO-B), and Managed Care Organization (MCO) programs. Figures are not adjusted for changes in health status.
Sources: HPC analysis of Center for Health Information and Analysis, Annual Report on the Performance of the Massachusetts Health Care System, 2023-2024.

After many years of lower growth, commercial spending growth in Massachusetts outpaced the U.S. average from 2019 to 2022, 5.2% versus 3.8% annually.

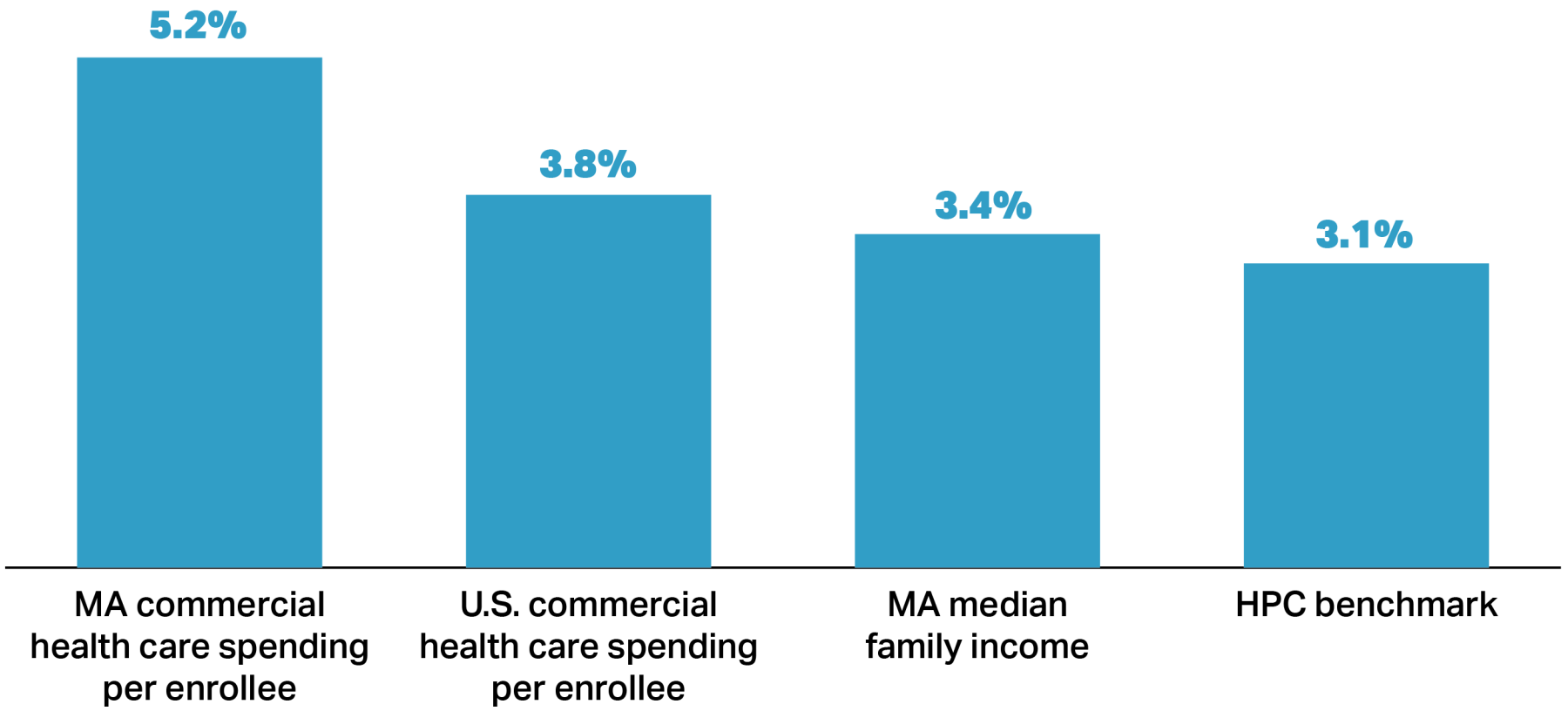
Annual growth in per capita commercial health care spending, Massachusetts and the U.S., 2006-2022



Notes: Massachusetts data represent full-claims members only. Commercial spending is net of prescription drug rebates and excludes net cost of private health insurance.
Sources: Centers for Medicare and Medicaid Services, National Healthcare Expenditure Accounts Personal Health Care Expenditures, 2014-2022 and State Healthcare Expenditure Accounts 2005-2014; Center for Health Information and Analysis Annual Report on the Performance of the Massachusetts Health Care System 2014-2022.

Massachusetts commercial health care spending growth (5.2%) outpaced national growth (3.8%), general inflation (3.8%), income growth (3.4%) and the HPC benchmark.

Average annual growth in each quantity, 2019-2022

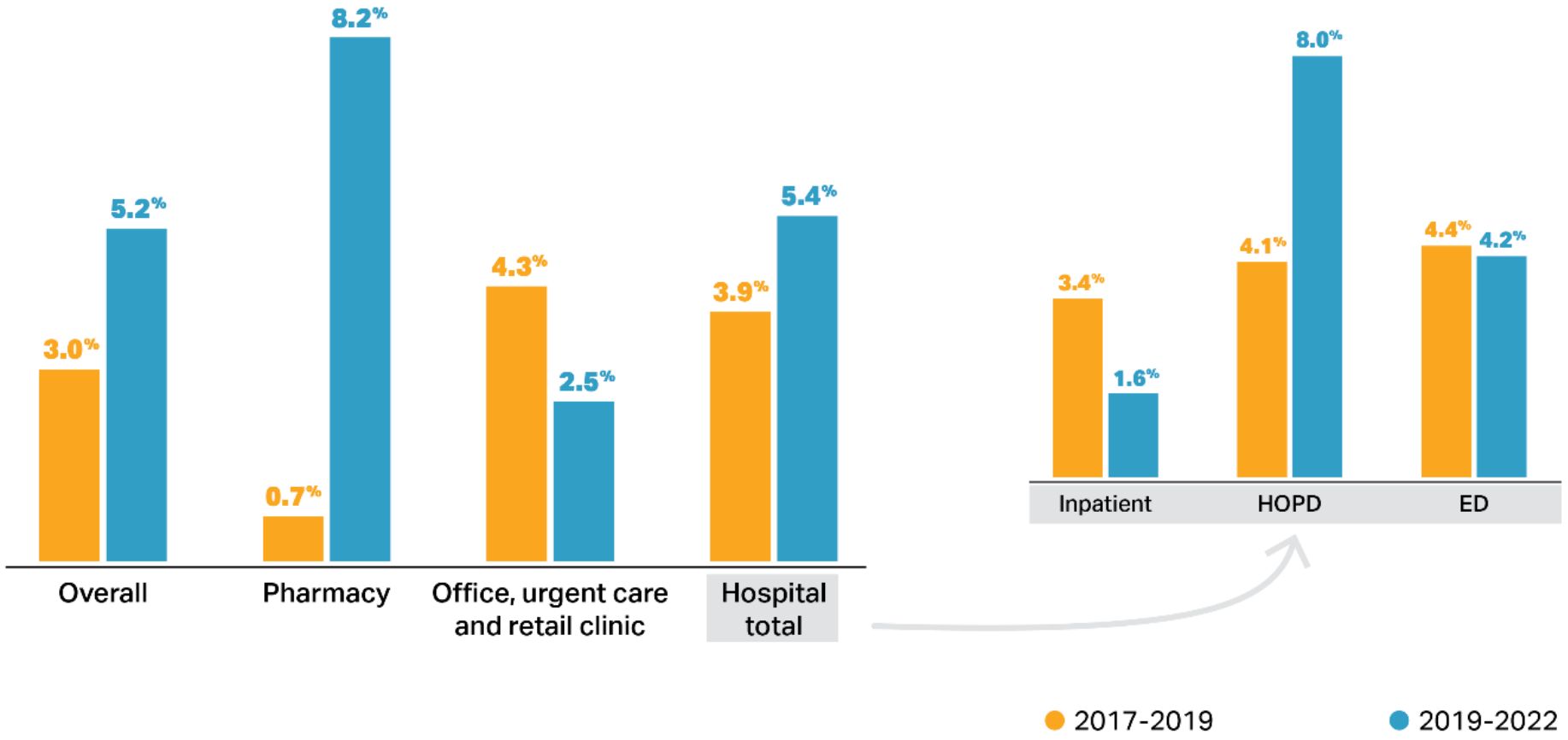


- Massachusetts' commercial spending growth **also surpassed general inflation** during this period (3.8%).
- An employee facing an 8% premium increase would see nearly half of a typical raise absorbed by growing health care costs.

Sources: Median income based on the American Community Survey 1-year tables, family income. Inflation based on the Consumer Price Index (CPI-U).

Faster commercial spending growth in the most recent three-year period reflects accelerating growth in prescription drug spending and hospital outpatient spending.

Average annual growth in commercial spending per enrollee by site of care, 2017-2019 vs 2019-2022

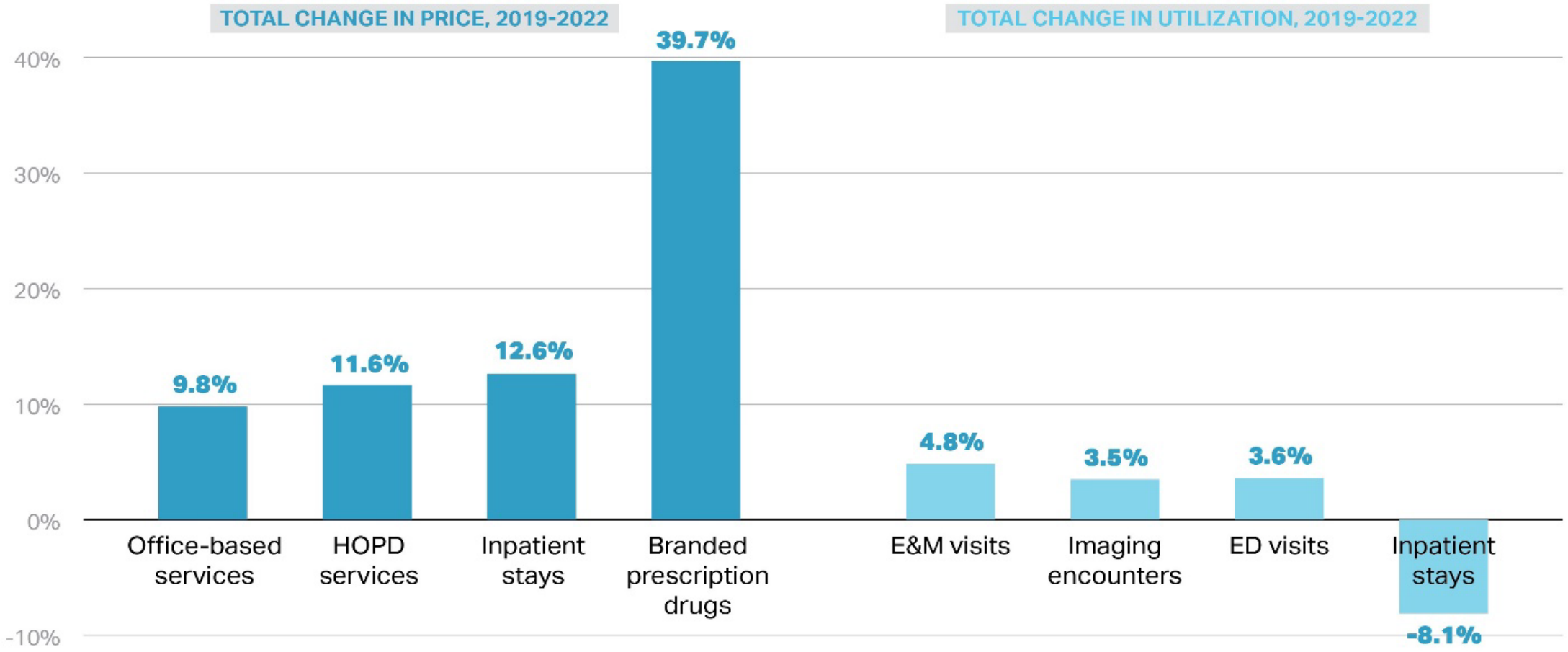


- Hospital spending patterns partly reflect **a shift of some surgeries from inpatient to outpatient** settings.
- Prescription drug spending **grew 10x faster** from 2019 – 2022 as it did from 2017 – 2019.

Notes: Pharmacy spending is net of rebates.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database V2021 and V2022 (for hospital and office spending); Center for Health Information and Analysis Annual Report on the Performance of the Massachusetts Health Care System, 2019-2022 (for pharmacy and overall spending).

Price changes, more than utilization changes, drove commercial spending growth from 2019-2022

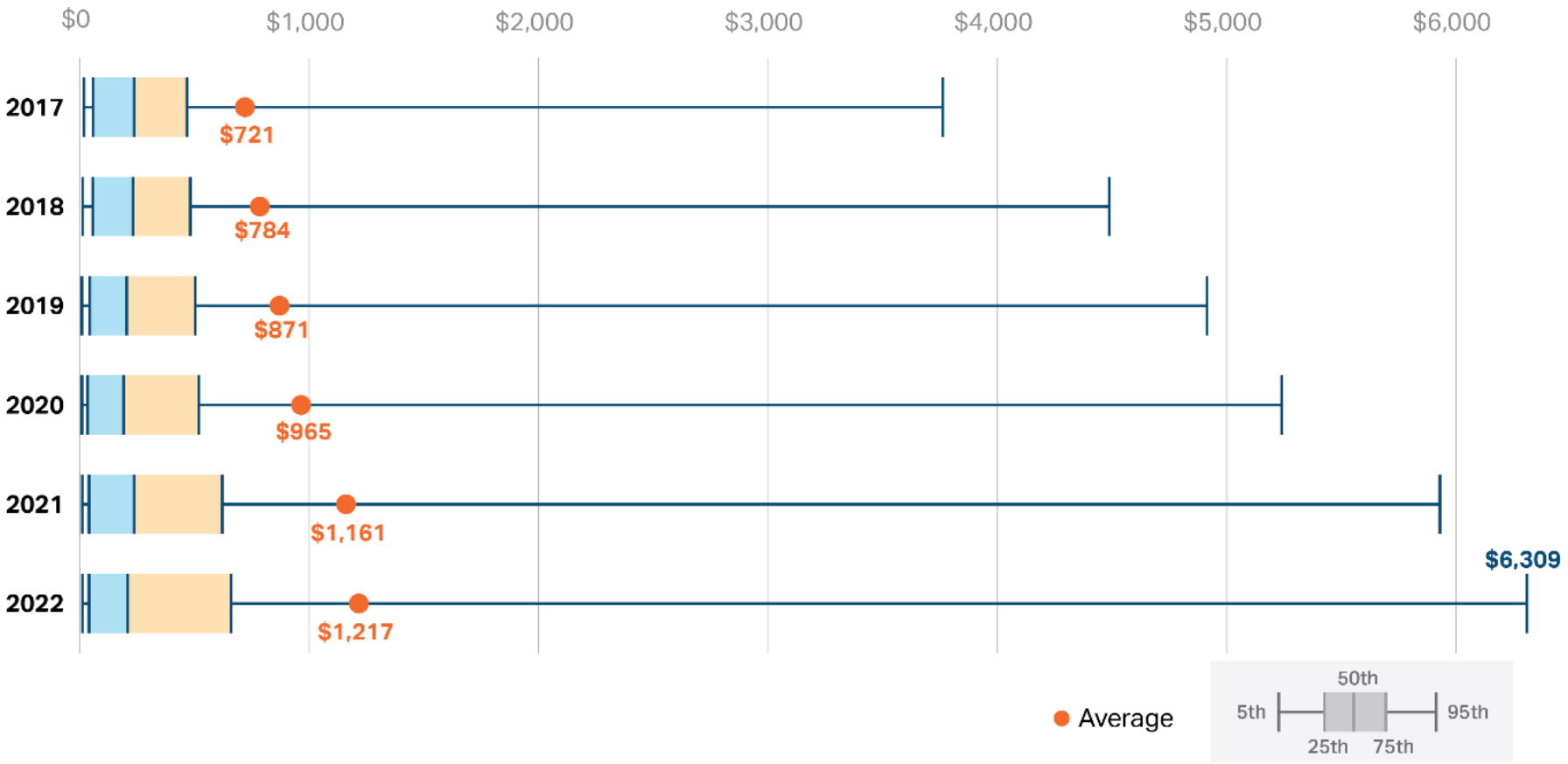
Total (cumulative) percentage change, 2019-2022



Notes: Price changes for office-based services, hospital outpatient department and inpatient care are reported elsewhere in this report (see Chartpack) while average prescription drug price increases are gross of rebates and are for branded drugs excluding COVID-19 vaccines. E&M visits include all visits with codes 99201-99205 and 99211-99215. Imaging represents encounters for all types of imaging.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022 (2019-2022), Hospital inpatient discharge database (HDD) and emergency department discharge database (EDD).

The average price per branded prescription grew 69% from 2017 to 2022, from $721 to $1,217, with 5% priced over $6,300 in 2022.

Average and percentile distribution of branded prescription drug prices, not accounting for rebates, 2017-2022

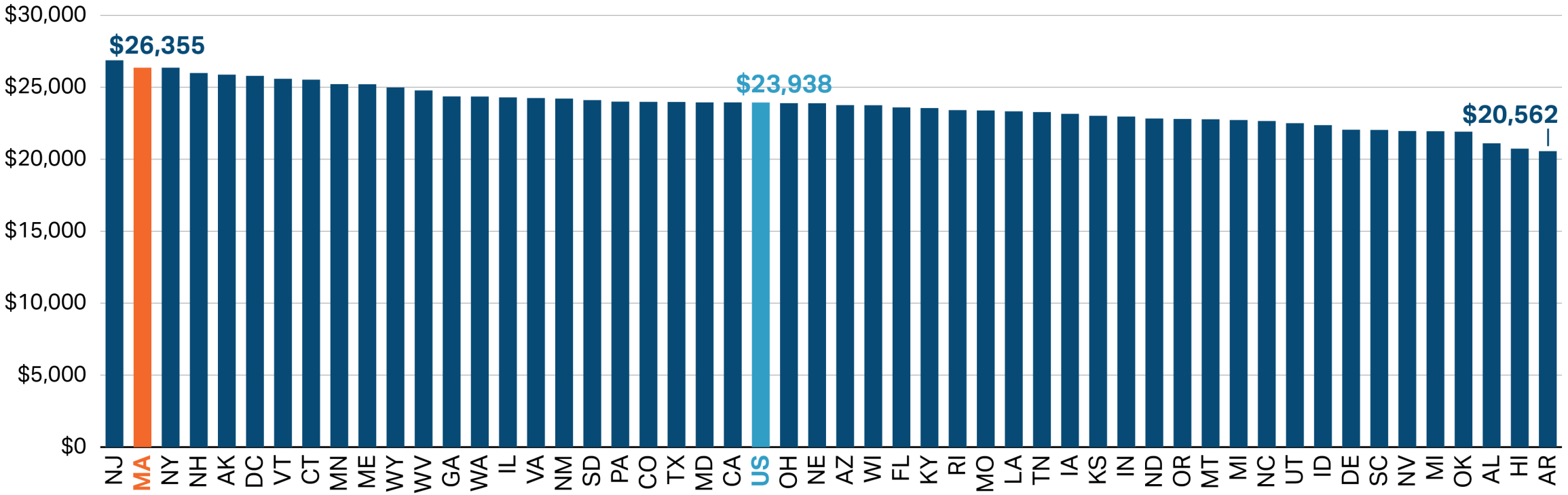


- More than 60% of prescription drug **spending growth** from 2018 – 2022 was due to higher prices and use of immunosuppressants such as Humira.

Notes: Pharmacy claims include data from five payers: BCBSMA, Tufts, HPHC, MGB Health Plan, and HNE. COVID-19 vaccines are excluded.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2021 (2017) and V2022 (2018-2022)

As of 2023, Massachusetts had the 2nd highest family health insurance premiums in the U.S.

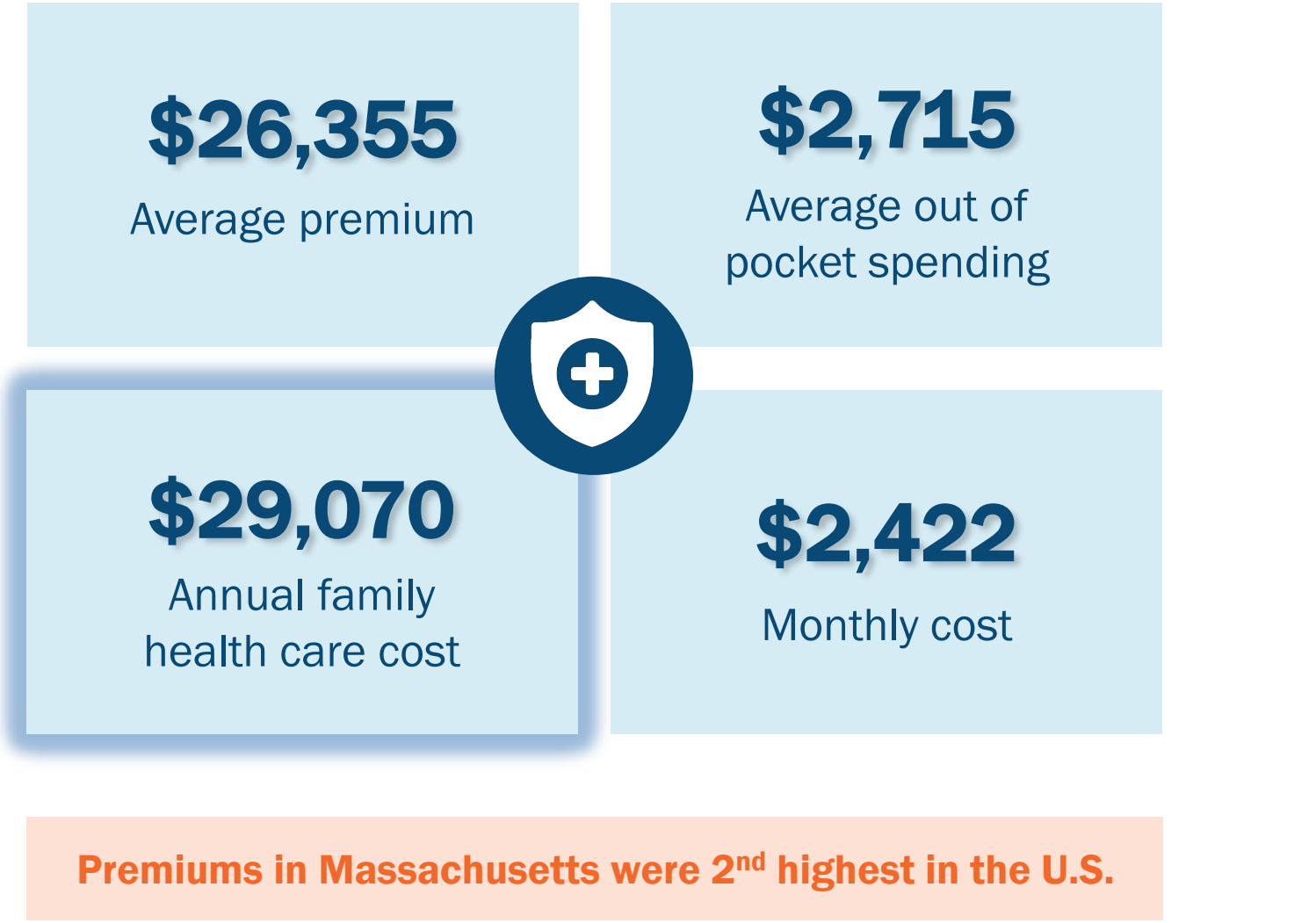
Average annual family health insurance premium for employer-sponsored coverage including employer and employee contribution, 2023.



10% of family premiums in Massachusetts exceeded $36,000.

Notes: Massachusetts and New York had identical premiums in the survey.
Sources: Medical Expenditure Panel Survey – Insurance Component. Based on a survey of employers. Agency for Healthcare Research and Quality.

Including out of pocket spending, the average cost of health care for a Massachusetts family exceeded $29,000 in 2023.



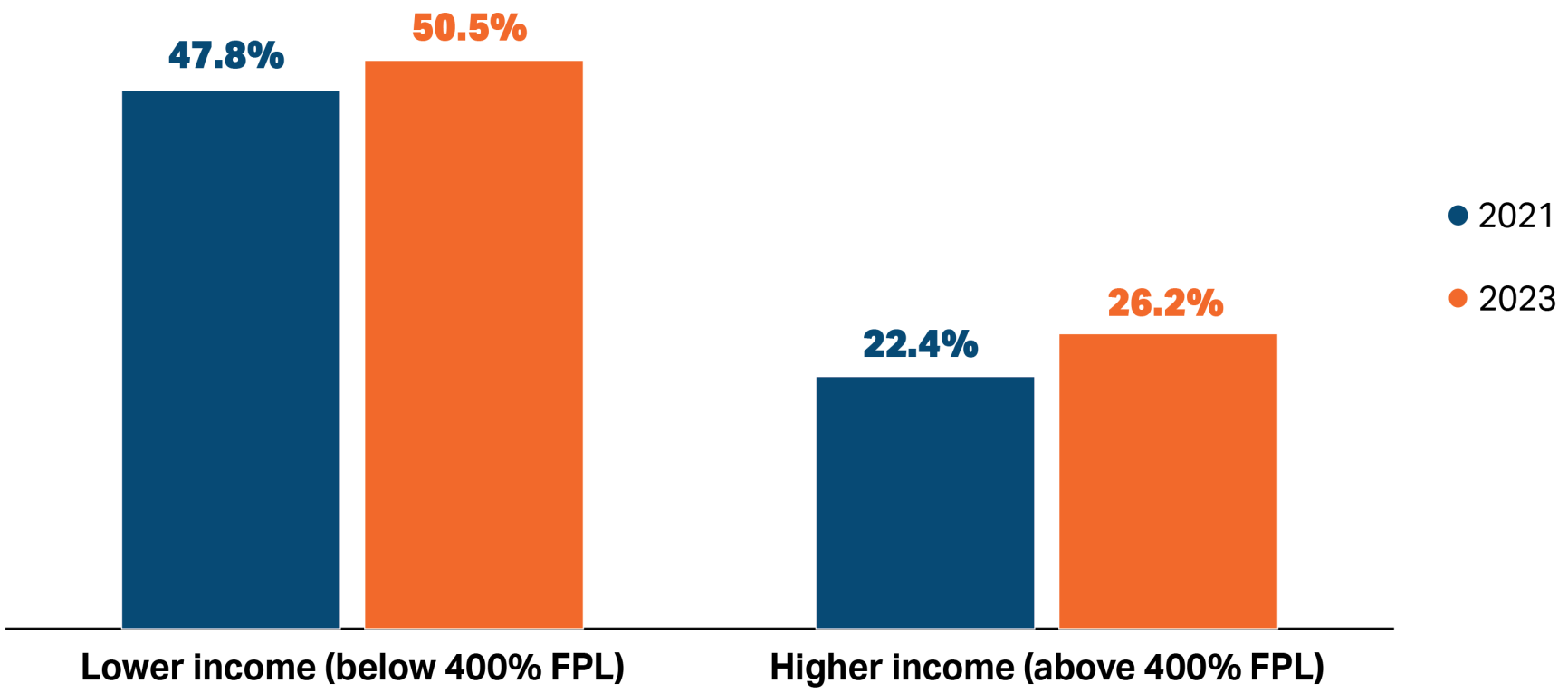
Notes: Cost sharing amount based on data on cost sharing relative to premium payments in from CHIA's Annual Report, 2024. Source: Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey-Insurance Component and Center for Health Information and Analysis, Annual Report, 2024.

Presentation Outline

1. Broad Spending Trends
2. **Affordability of Care**
3. Highlights from Chartpacks
    - Price Trends and Variation
    - Provider Organization Performance Variation
    - Primary Care and Behavioral Health
    - Hospital Utilization and Post-Acute Care
4. New Examination for 2024 CTR: Variation in Intensity of Care
5. 2024 Policy Recommendations

CHIA's 2023 Massachusetts resident survey found that more privately insured residents cited affordability issues in 2023 than 2021.

Percentage of respondents with employer-sponsored coverage and with any of four affordability issues noted in the sidebar, 2021 and 2023

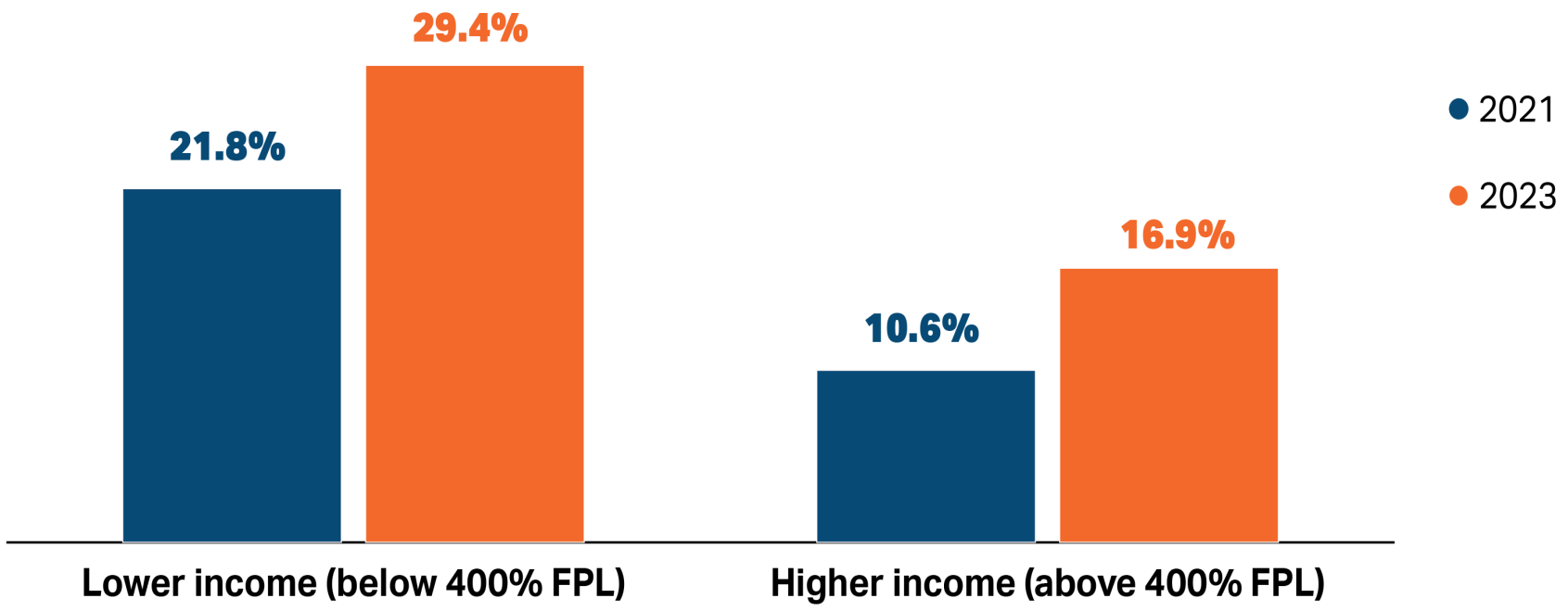


- Any affordability issue is defined as including:
  - High share of income spent on health care OOP
  - Any unmet need for care due to cost
  - Problems paying medical bills
  - Any medical debt

Notes: Massachusetts residents covered by employer sponsored insurance with continuous coverage in the previous twelve months only. Children and seniors were excluded.
Sources: HPC analysis of Massachusetts Center for Health Information and Analysis, 2021 and 2023 Massachusetts Health Insurance Surveys

The number of residents with employer-based insurance who reported they did not get needed health care due to cost increased by 50% (from 600,000 to 900,000) from 2021 to 2023.

Percentage of respondents with employer-based insurance responding yes to any of the following: "Was there any time in the past 12 months that, because of cost, you did not 1) fill a prescription for medicine needed, 2) did not get doctor care that you needed, or 3) did not get mental health care or counseling that you needed"?

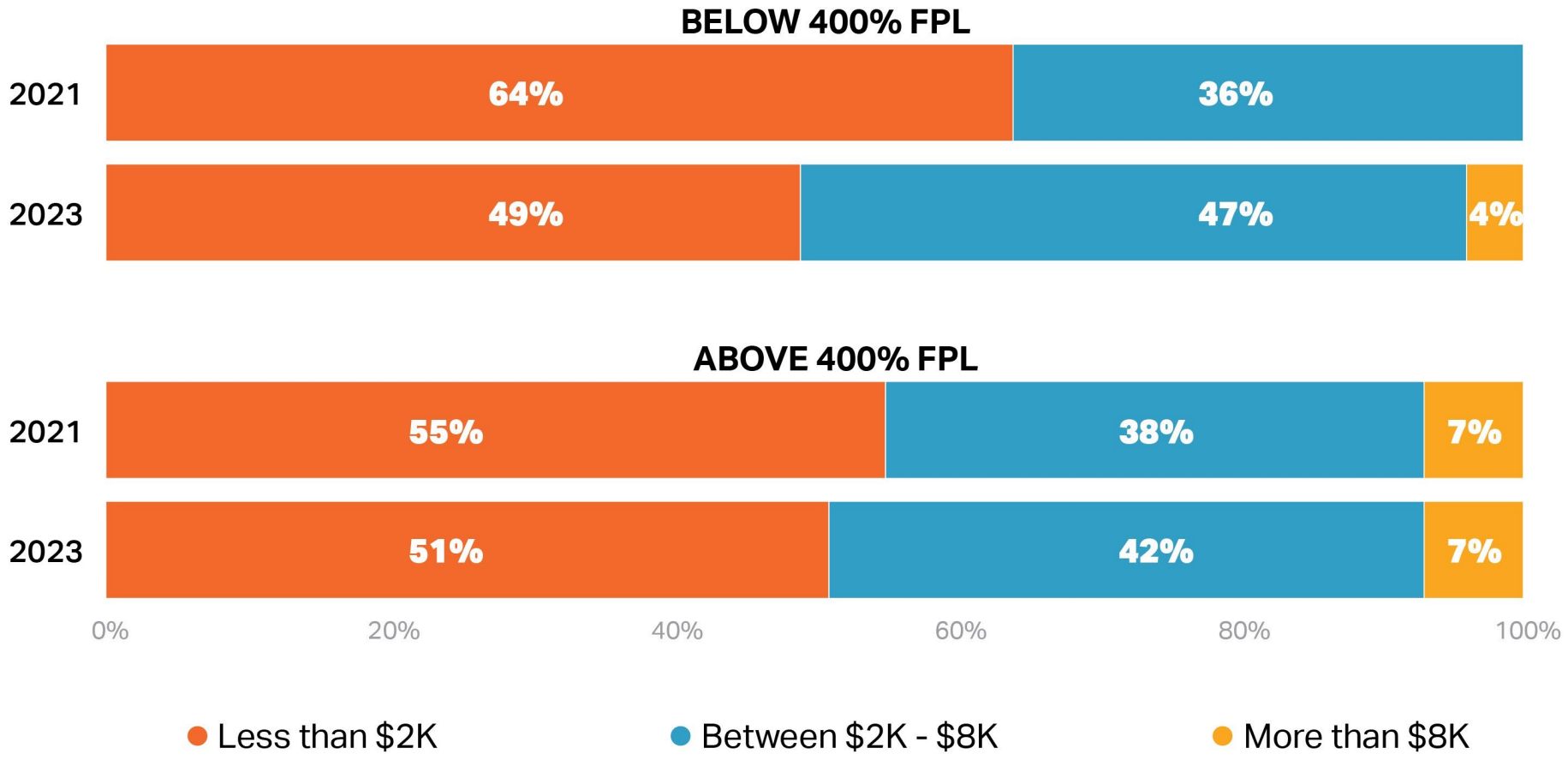


- The share of commercially-insured residents with unmet needs due to cost **were higher for non-white residents** (21.1%) than white residents (19.6%) in 2023.

Notes: Figures include residents who responded that they did not get needed physician care, mental health care, or prescription drugs due to cost. Massachusetts residents covered by employer sponsored insurance with continuous coverage in the previous twelve months only. Children and seniors were excluded. People with individual (non-group) insurance are excluded.
Sources: HPC analysis of Center for Health Information and Analysis, 2021 and 2023 Massachusetts Health Insurance Surveys

Those paying off medical bills had more debt in 2023 than 2021, particularly people with lower income.

Total amount of outstanding medical debt among those paying off medical bills over time for residents with private coverage, 2021 and 2023



Notes: Massachusetts residents covered by employer sponsored insurance with continuous coverage in the previous twelve months only. Children and seniors were excluded. The proportion of residents with employer-sponsored coverage reporting problems paying off medical bills grew from 11.5% to 12.6% from 2021 to 2023.
Sources: HPC analysis of Center for Health Information and Analysis, 2021 and 2023 Massachusetts Health Insurance Surveys

A 2024 survey found that the cost of health care is a significant cause of concern among Massachusetts residents.

68%

More than two-thirds (68%) of residents reported being **extremely concerned** (36%) or **very concerned** (32%) about the **cost of health care**.

40%

of residents surveyed said they are **putting off seeing a doctor** or going to a hospital because of high costs.

51%

of residents surveyed cited the **cost** of health care as the **most important health care issue**, far above access (19%) or quality (18%).

Concern about health care costs was behind only **inflation** and the **cost of housing** as top concerns, and only one of two categories (along with housing) of **growing** concern since 2022.

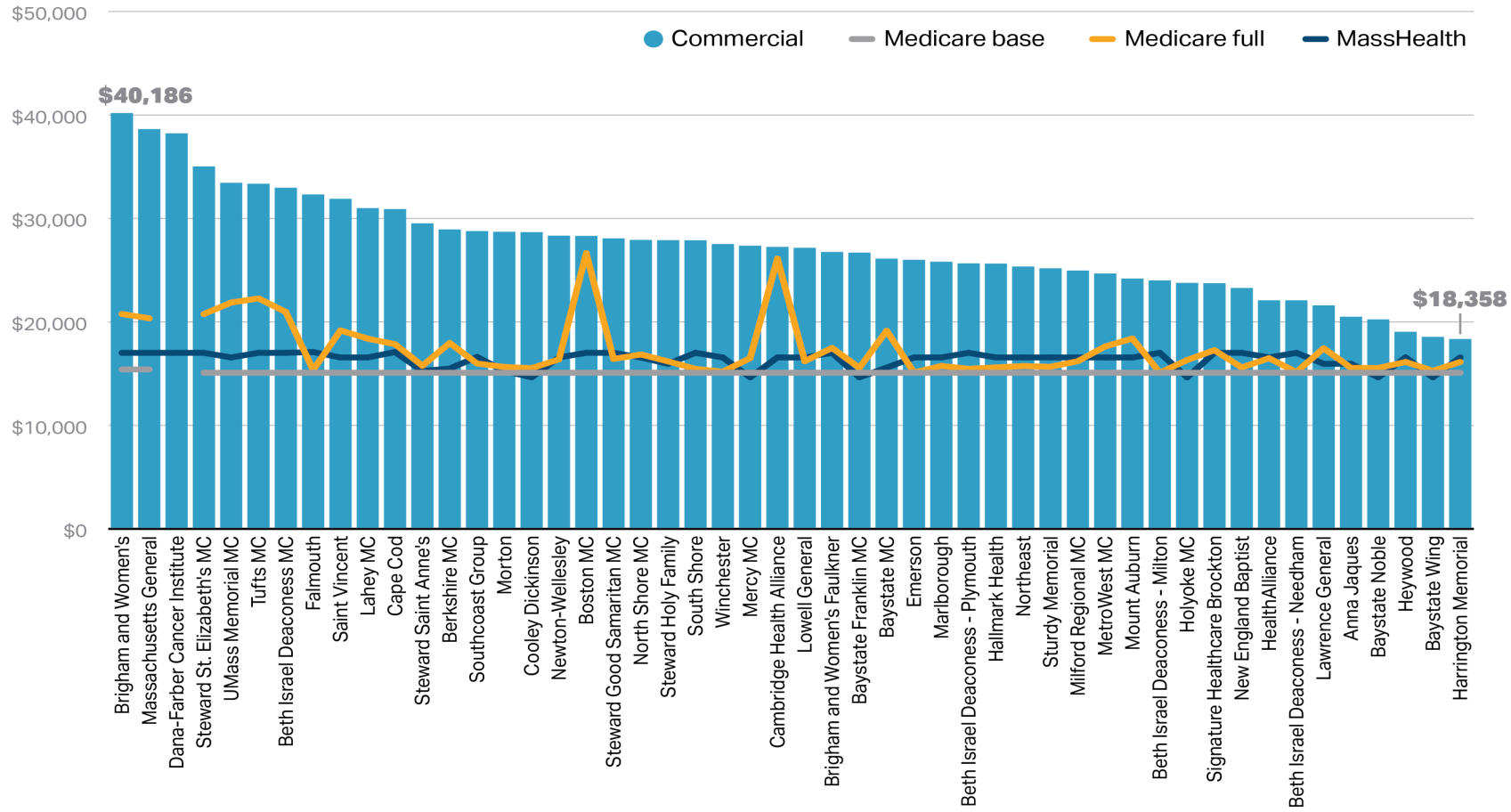
Sources: https://www.bluecrossma.org/aboutus/sites/g/files/csphws2321/files/2024-03/BCBSMA%20March%202024%20Statewide%20Poll%20-%20Public%20Charts.pdf

Presentation Outline

1. Broad Spending Trends
2. Affordability of Care
3. Highlights from Chartpacks
    - **Price Trends and Variation**
    - Provider Organization Performance Variation
    - Primary Care and Behavioral Health
    - Hospital Utilization and Post-Acute Care
4. New Examination for 2024 CTR: Variation in Intensity of Care
5. 2024 Policy Recommendations

Commercial hospital prices for the same inpatient stay varied from $18,000 to $40,000 in 2022. MassHealth and Medicare paid between $15,000 and $17,000 to most hospitals.

Average hospital facility price for an average-complexity stay for each payer-type, 2022



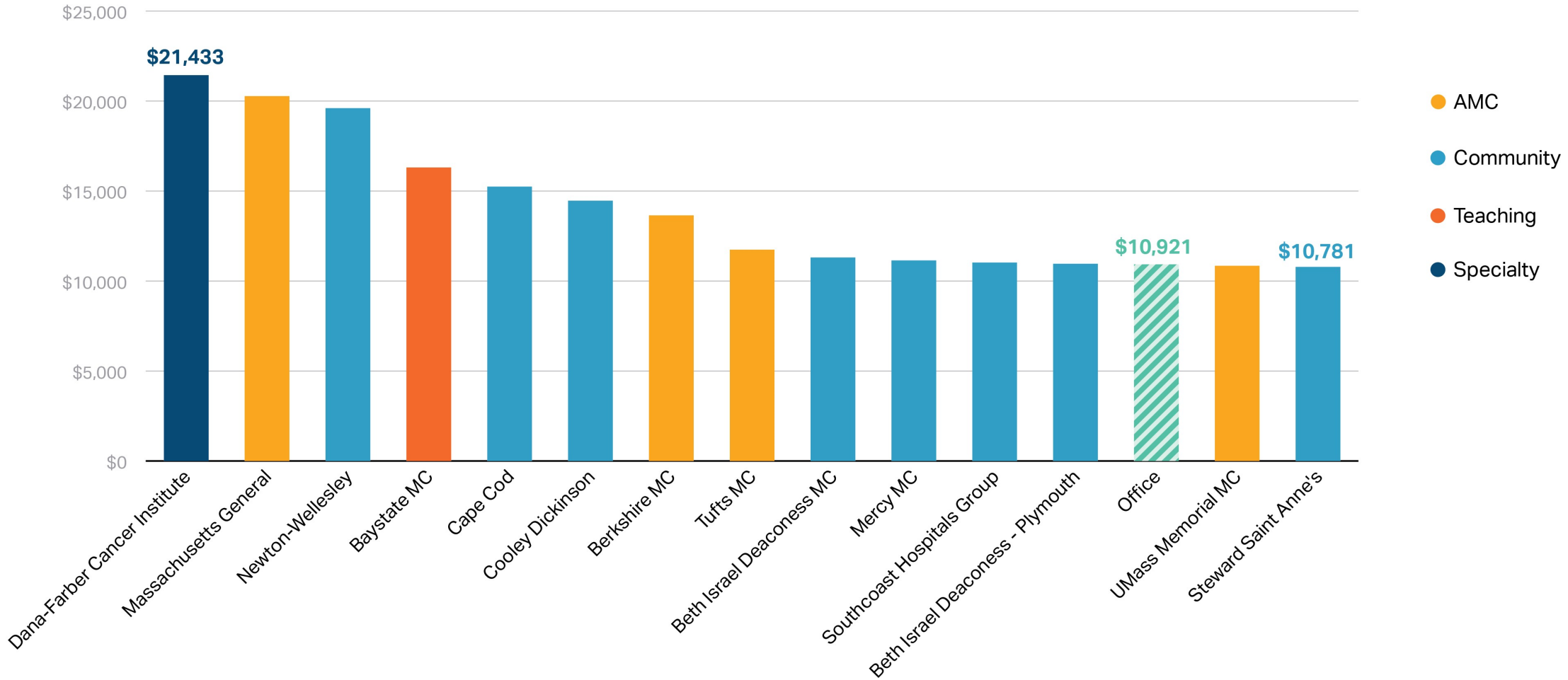
Notes: Exhibit includes the top 50 acute care hospitals by volume of adult non-maternity and non-psychiatric patients in 2022. Stays that are outliers in payment and length of stay within their APR-DRG as well as transfers are excluded. Commercial prices are adjusted for the APR-DRG commercial weight of each admission. The prices shown represent a stay of average complexity in each population.

Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022, 2022; 3M commercial APR-DRG weights, version 38; Medicare IPPS Final rule and correcting amendment documentation 2022.

- Data do not include MassHealth supplemental payments to specific hospitals.
- "Full" Medicare prices are higher for teaching hospitals and those serving a high proportion of uninsured and MassHealth patients.

Commercial prices for a common chemotherapy drug (Keytruda) varied from approximately $10,000 in physician offices and some hospitals to over $21,000.

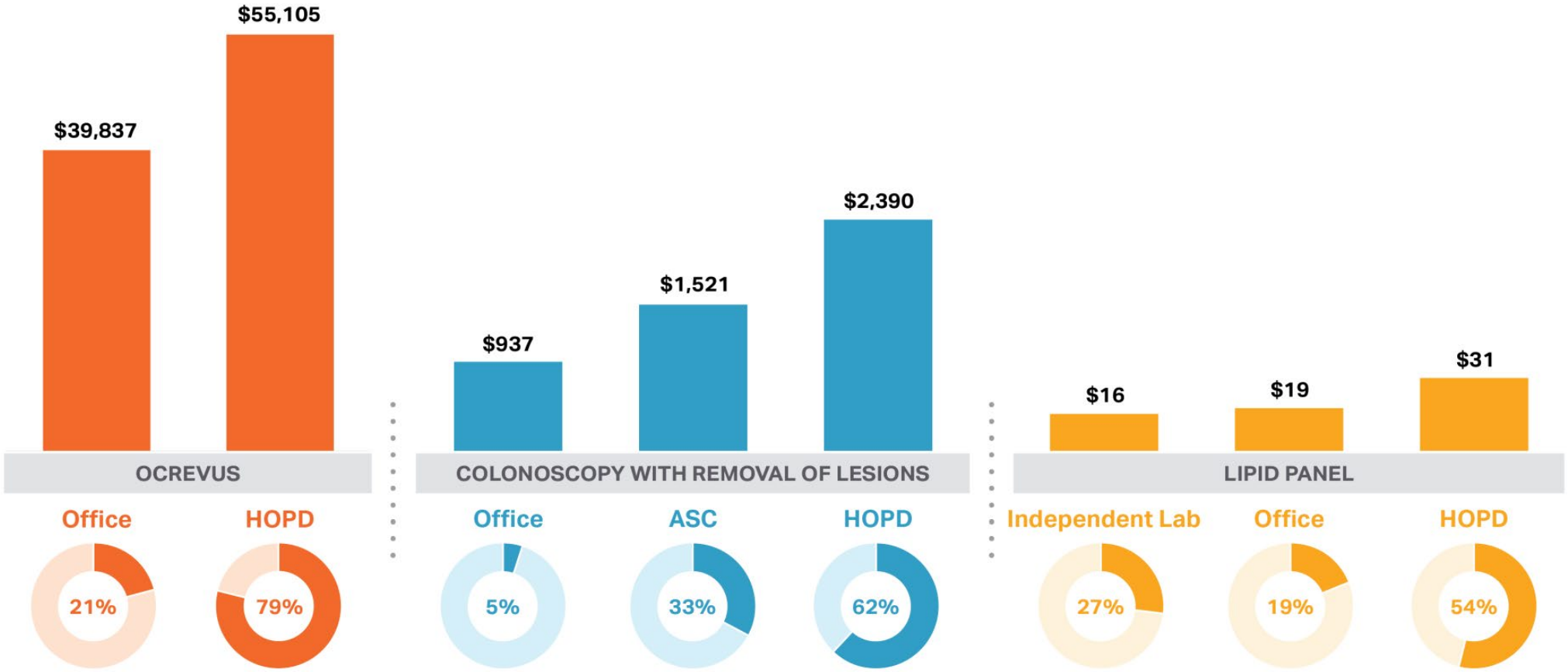
Average price paid by commercial insurers for a standard dose of Keytruda, by provider



Notes: Facilities listed are limited to those with at least 20 commercial encounters delivered in 2022. Prices reflect encounters (same person, same date of service, same procedure code) to capture the potential for both facility and professional claims billed on the same day. The price shown is for a standard dose of Keytruda (200 mg or 200 billable units). Data are for Keytruda (CPT J9271, 'Injection, pembrolizumab, 1 mg').
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database v2022, 2022.

Prices for common services were typically 50-100% higher in hospital outpatient settings than other settings.

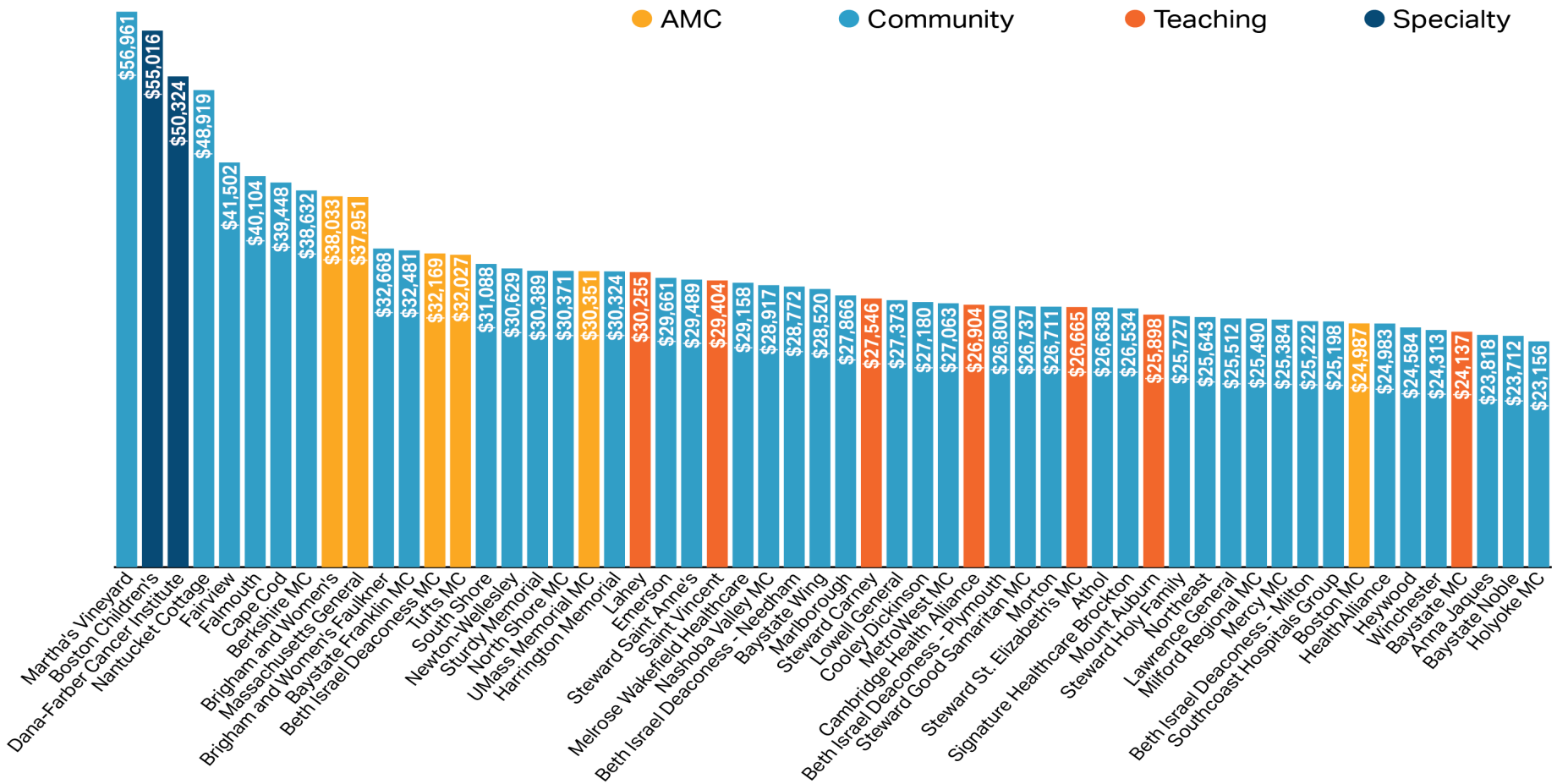
Average price paid by commercial insurers for each of the services or drugs shown, by setting where the care was provided.



Notes: Prices reflect encounters (same person, same date of service, same procedure code) to capture the potential for both facility and professional claims billed on the same day. Data are for Ocrevus (CPT J2350, 'Injection, ocrelizumab, 1 mg'), which is a drug used to treat multiple sclerosis; Colonoscopy with removal of lesions (CPT 45385, 'Colonoscopy, flexible; with removal of tumor(s), polyp(s), or other lesion(s) by snare technique'); Lipid Panel (CPT 80061, 'Lipid panel'). The price shown for Ocrevus is for a 600 mg dose (600 billable units). ASC=Ambulatory Surgical Center.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database v2022, 2022.

The price of a market basket of 50 common hospital outpatient services such as labs and imaging ranged from $23,000 to $57,000 across hospitals in 2022.

Total spending for a market basket of 50 hospital outpatient services for 100 average Massachusetts residents by hospital, 2022

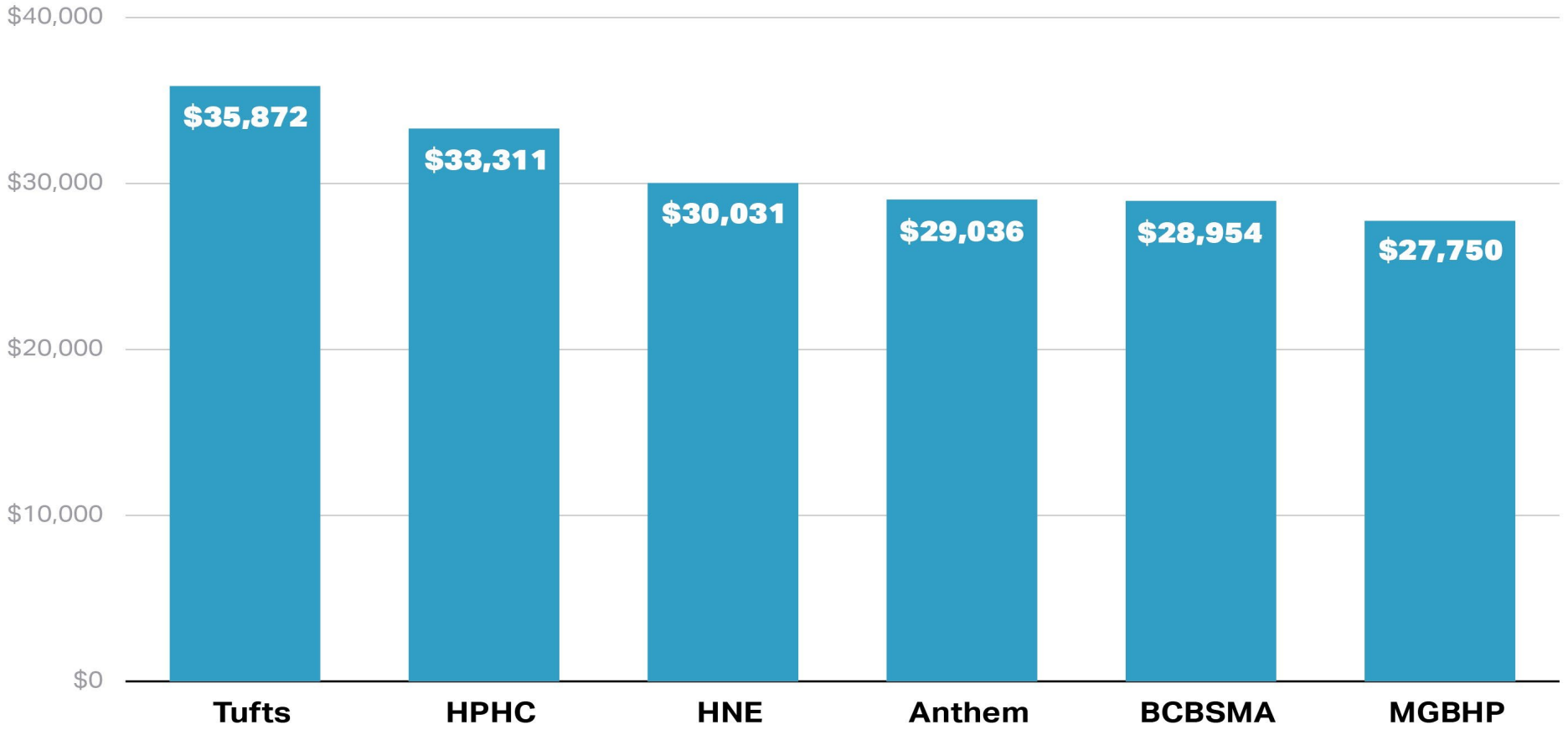


Notes: Academic medical center (AMC). For each hospital, the same 50 procedure codes are evaluated using a fixed statewide volume (computed using 2022 data) and hospital-specific average service prices in 2022 for each procedure code. Hospitals with fewer than 20 service encounters for any individual procedure code have imputed values for that procedure code and are not included if more than 20 procedure codes would have to be imputed.

Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, 2022, V2022.

Among 6 health plans analyzed, total spending for the same hospital outpatient market basket ranged from approximately $28,000 to $36,000.

Total spending for a market basket of 50 hospital outpatient services for 100 average Massachusetts residents by payer, 2022



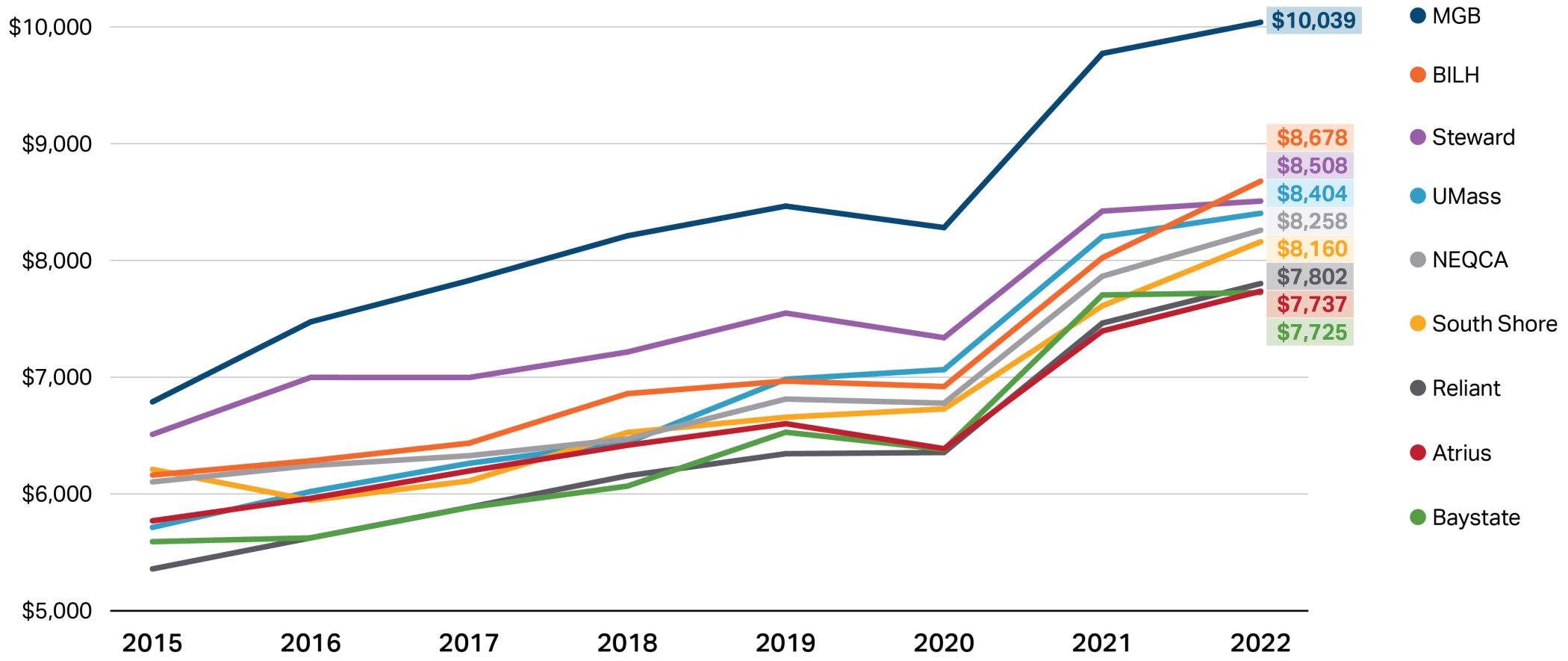
Notes (1) HPHC and Tufts merged in January 2021 to form Point32Health. AllWays changed its name to MGB Health Plan in 2022. The HPC's version of the APCD includes claims for members enrolled in commercial insurance products from the six payers shown. These claims include most GIC members but otherwise are more heavily representative of members with fully-insured products and overall represent approximately 30% of the commercial market in Massachusetts. For more information on what data can be found in the APCD please see: www.chiamass.gov/ma-apcd
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022, 2021-2022.

Presentation Outline

1. Broad Spending Trends
2. Affordability of Care
3. Highlights from Chartpacks
    - Price Trends and Variation
    - **Provider Organization Performance Variation**
    - Primary Care and Behavioral Health
    - Hospital Utilization and Post-Acute Care
4. New Examination for 2024 CTR: Variation in Intensity of Care
5. 2024 Policy Recommendations

Provider organizations varied by 30% (from $7,725 to over $10,000) in annual total medical spending per patient, with widening variation over time.

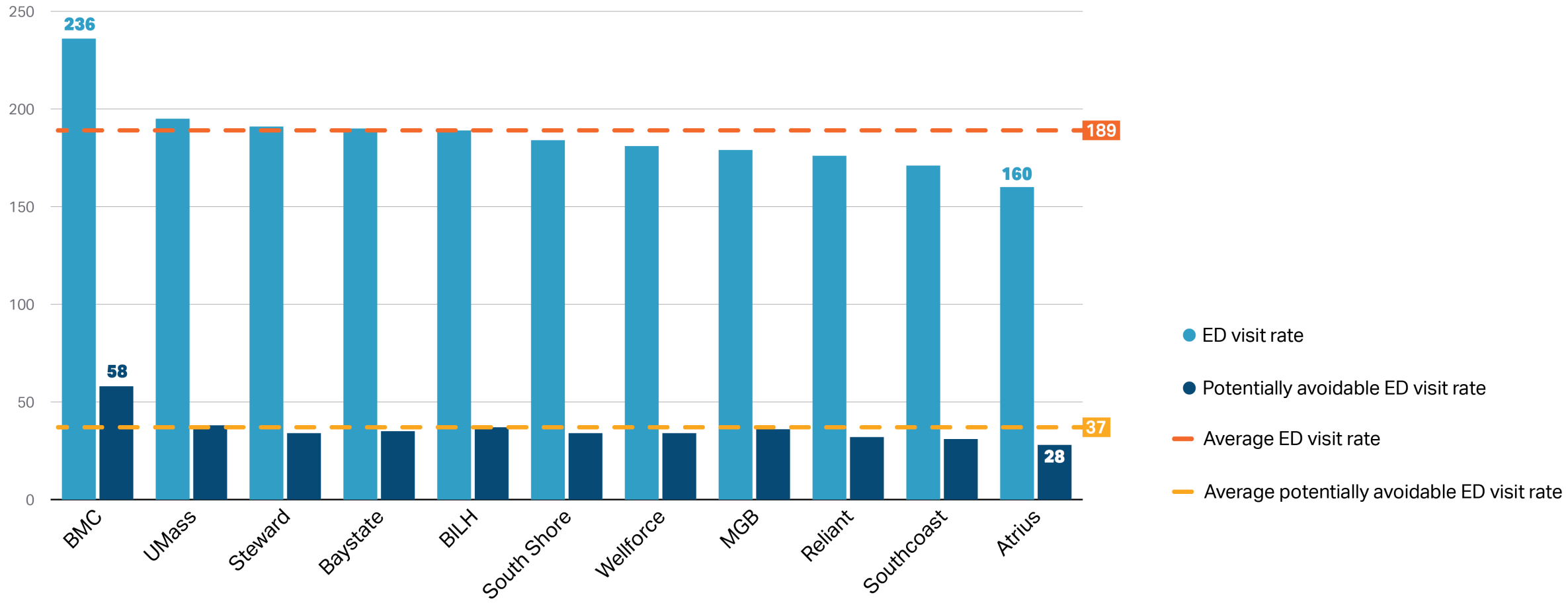
Total annual health care spending for all services per patient based on provider organization where the patient receives primary care, 2015-2022.



Notes: TME includes claims and non-claims payments as well as patient cost-sharing paid. Analysis includes commercial full claims only (excluding partial claims) and includes all payers except BMCHP and THPP. Partners HealthCare changed its name to Mass General Brigham (MGB) in 2019. Beth Israel Deaconess Care Organization (BIDCO) and Lahey Hospital and Medical Center merged in 2019 and became Beth Israel Lahey (BILH). BIDCO and Lahey data were reported separately by CHIA until 2022. Payer methods for attributing patients to provider group for TME data differ from HPC methods used in APCD analyses.
Source: HPC analysis of Center for Health Information and Analysis 2018, 2019, 2022, 2022, 2023, and 2024 Annual Report TME Databooks.

The number of ED visits and avoidable ED visits per 1,000 members varied substantially by provider organization (adjusted for patient health status).

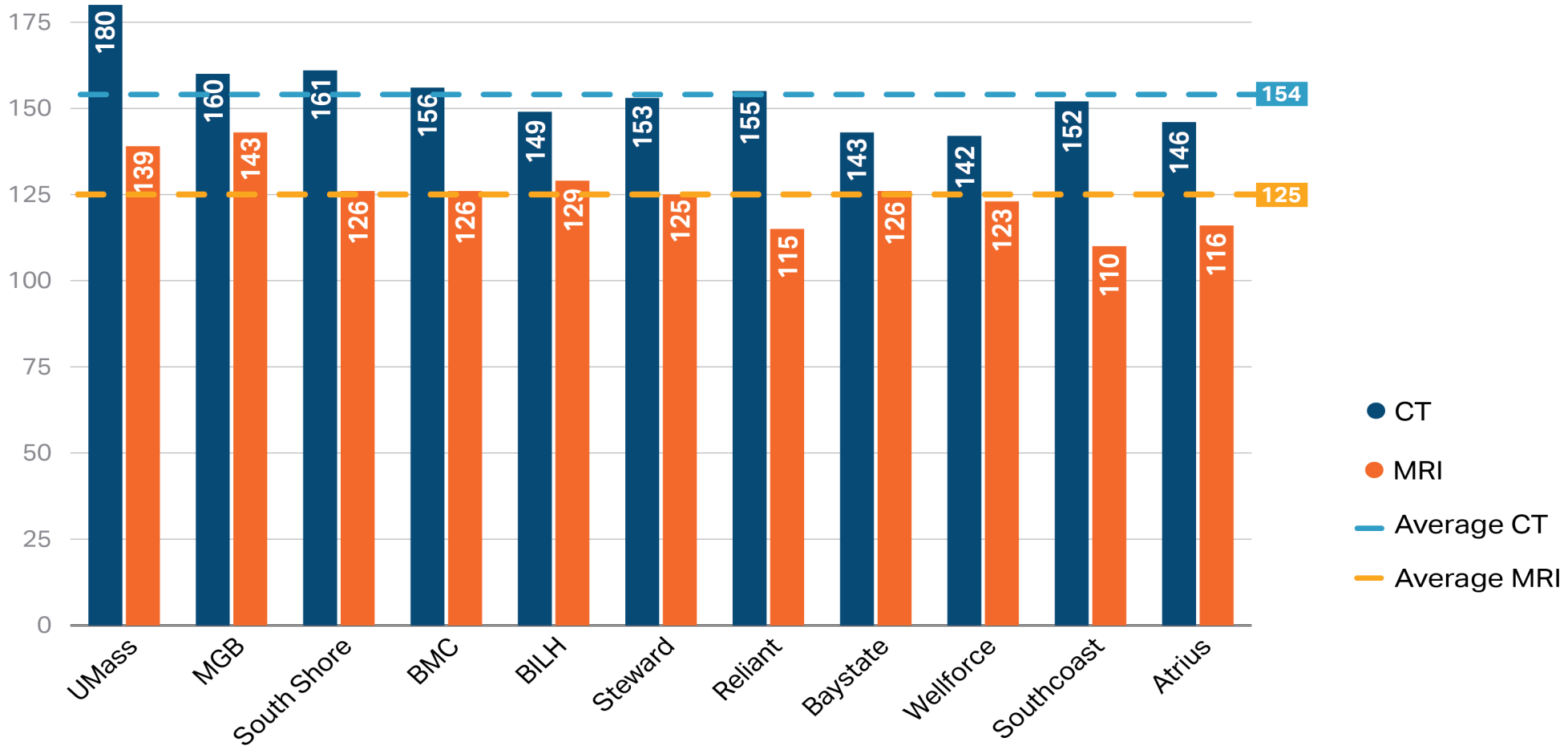
Number of total and avoidable ED visits per 1000 patients attributed to each provider organization, 2022



Notes: Potentially avoidable ED visits are based on the Billings algorithm. Results reflect commercial attributed adults, at least 18 years of age with 12 months of continual medical insurance coverage (N=710,511). Results are adjusted for differences in age, sex, health status, and community-level variables related to education and socioeconomic status. Health status adjustment uses the Johns Hopkins ACG® System © 1990, 2017, Johns Hopkins University. All Rights Reserved. Average is calculated across provider organizations.
Source: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022, 2022.

CT and MRI utilization varied 30% across provider organizations (adjusted for patient health status).

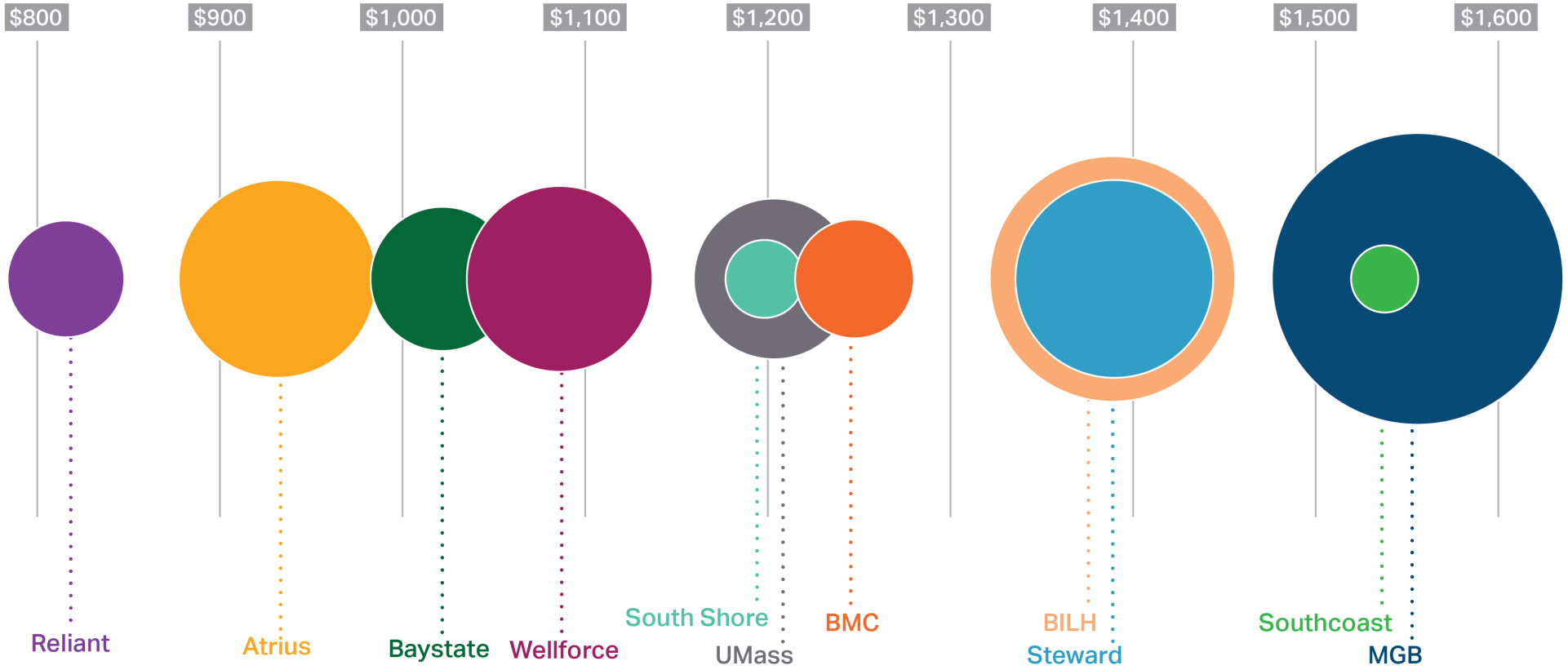
Total adjusted volume of annual CT and MRI encounters per 1000 patients attributed to each provider organization, 2022



Notes: Provider organizations sorted by total imaging rates as a sum of the relative rates of CT and MRI. Results reflect commercial attributed adults, at least 18 years of age with 12 months of continual medical insurance coverage (N=710,511). Session are defined as same day, same person, and same category of service (CT or MRI). A patient can have multiple encounters on one day, defined as same person, same procedure code, and same day, but the patient will only be recorded as having one session per day as long as all procedures are either CTs or MRIs. If a patient had an MRI and a CT service both on the same day, those would be considered as two sessions. Results are adjusted for differences in age, sex, health status, and community-level variables related to education and socioeconomic status.
Source: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, v2022, 2022.

Low value care spending varied by a factor of two across provider organizations.

Total low-value care spending across 17 low value services per 100 patients attributed to each provider organization, 2022



Notes: Bubble size is proportional to the number of attributed members per organization. Low value spending across all measures was summed by provider organization and then divided by the total number of commercial adult attributed patients and reported as a rate per 100 patients.. Spending reflects both number of services provided and the price of those services. N = 1,084,974 for 2022.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022, 2021-2022.

Some provider organizations had notable performance across multiple measures.

Compilation of provider organization performance measures provided in this section. Lower values generally indicate better performance.

	SPENDING MEASURES		UTILIZATION MEASURES					LVC MEASURES		
Provider Organization	Unadjusted PMPY Spending	Adjusted PMPY Spending	ED Visit Rate	Potentially Avoidable ED Visit Rate	Non-Maternity Inpatient Admissions	MRI and CT Utilization	% of select services at HOPD	Screening Composite	Procedure Composite	Imaging Composite
Atrius	$5,725	$5,623	160	28	28.6	262	19	8.2	38	35.1
Baystate	$5,172	$5,884	190	35	26.7	269	63	20.4	41	32.7
BILH	$6,593	$6,495	189	37	30.0	278	85	15.8	49	34.8
BMC	$5,893	$6,436	236	58	33.3	282	67	14.3	39	28.9
MGB	$7,706	$7,153	179	36	28.0	303	74	17.0	40	35.8
Reliant	$5,438	$6,264	176	32	28.4	270	20	8.2	31	30.1
South Shore	$6,565	$6,778	184	34	32.9	287	65	13.7	32	25.6
Southcoast	$6,425	$5,714	171	31	27.2	262	86	11.8	50	38.8
Steward	$6,482	$6,370	191	34	32.2	278	38	19.3	44	33.3
UMass	$6,249	$7,135	195	38	33.1	319	63	14.7	40	32.8
Wellforce	$6,066	$6,231	181	34	33.1	266	67	16.7	37	26.5

1 standard deviation below the average across provider organizations

1 standard deviation above the average across provider organizations

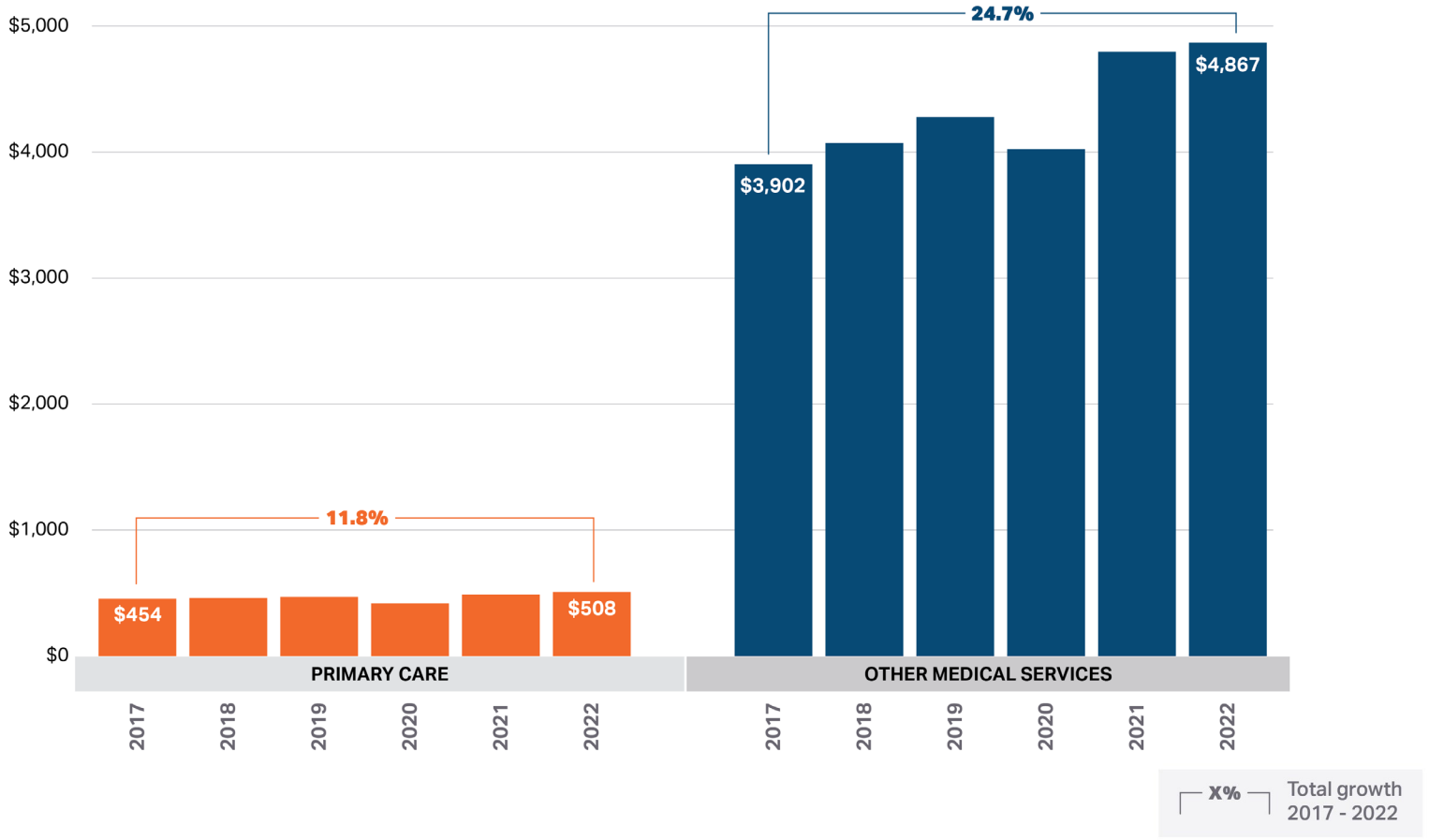
Notes: Adjusted PMPY spending and the utilization measures have been adjusted for age, sex, health status, insurer and product type, and community-level variables related to education and socioeconomic status across provider patient populations. Low value care (LVC) is not adjusted.
Source: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022, 2022.

Presentation Outline

1. Broad Spending Trends
2. Affordability of Care
3. Highlights from Chartpacks
    - Price Trends and Variation
    - Provider Organization Performance Variation
    - **Primary Care and Behavioral Health**
    - Hospital Utilization and Post-Acute Care
4. New Examination for 2024 CTR: Variation in Intensity of Care
5. 2024 Policy Recommendations

Primary care accounts for a small proportion of total commercial spending and increased at a much slower rate (>50% less) than all other medical spending from 2017 to 2022.

Total per member per year spending on primary care and all other services (excluding prescription drugs), 2017-2022

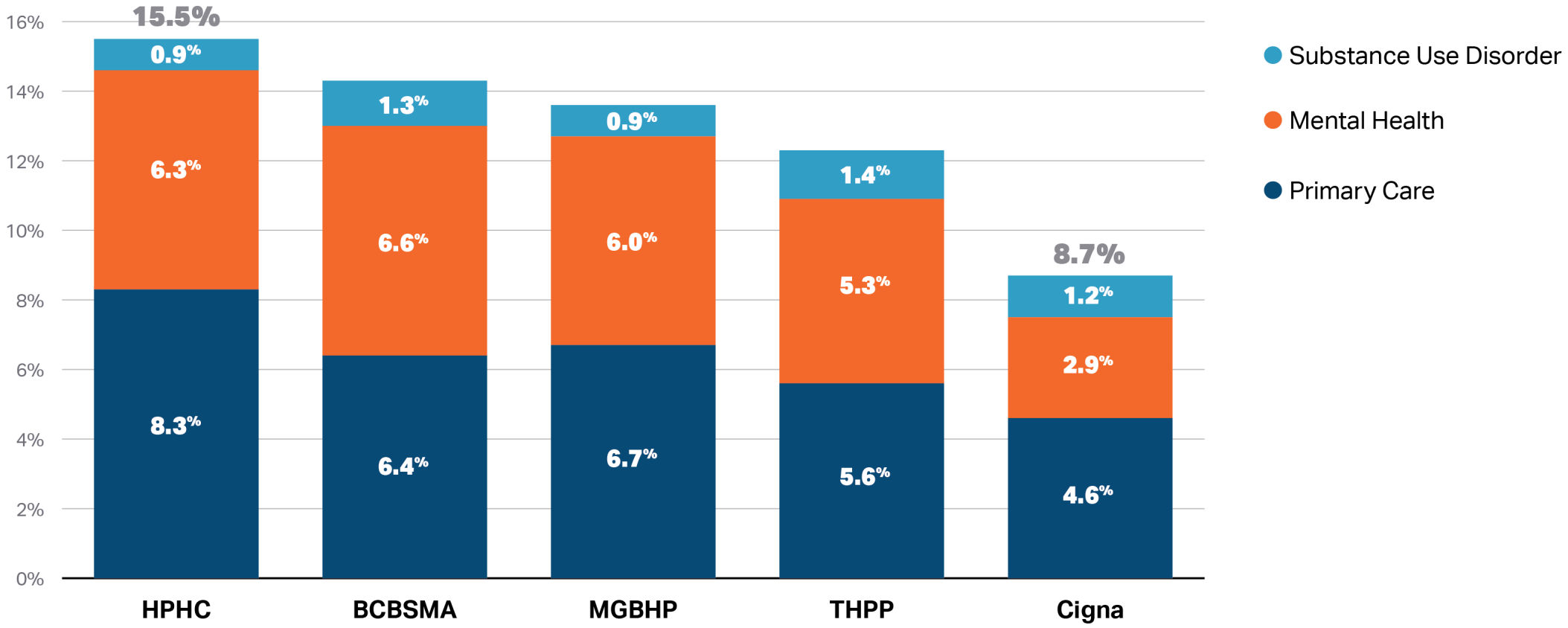


- Primary care spending **declined** as a percentage of all commercial spending from **8.5%** in 2017 to **7.7%** in 2022.

Notes: Analysis restricted to members under 65 and those with prescription drug coverage. Prescription drug spending is not included in "Other medical services". Prescription drug spending (net of rebate) is included in total commercial spending (as non-primary care spending) when calculating the share of all commercial spending that is primary care.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022, 2018-2021 and V2021, 2017-2018.

The proportion of all commercial spending devoted to primary and behavioral health care varied by payer from 8.7% to 15.5%.

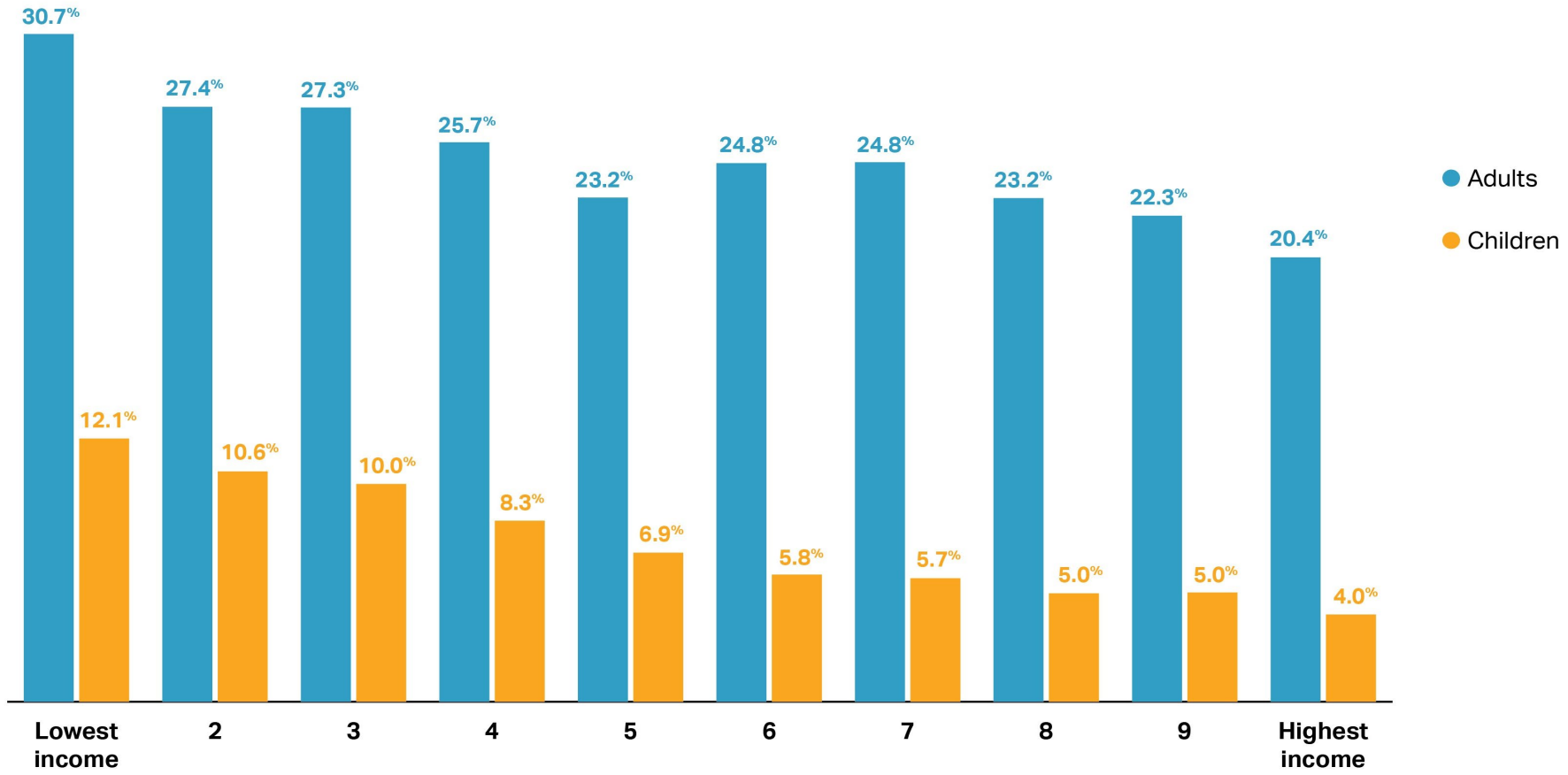
Percentage of all spending accounted for by primary care, mental health or substance use disorder care by payer, 2022.



Notes: Several payers did not report data.
Sources: Center for Health Information and Analysis, Primary care and Behavioral Health Spending. See https://www.chiamass.gov/primary-care-and-behavioral-health-care-pcbh-expenditures/ for details.

Children in the lowest-income areas are three times as likely (12.1%) to have no primary care visits as those in the highest-income areas (4.0%).

Percentage of individuals with no primary care visits by the income of their zip code of residence, 2022

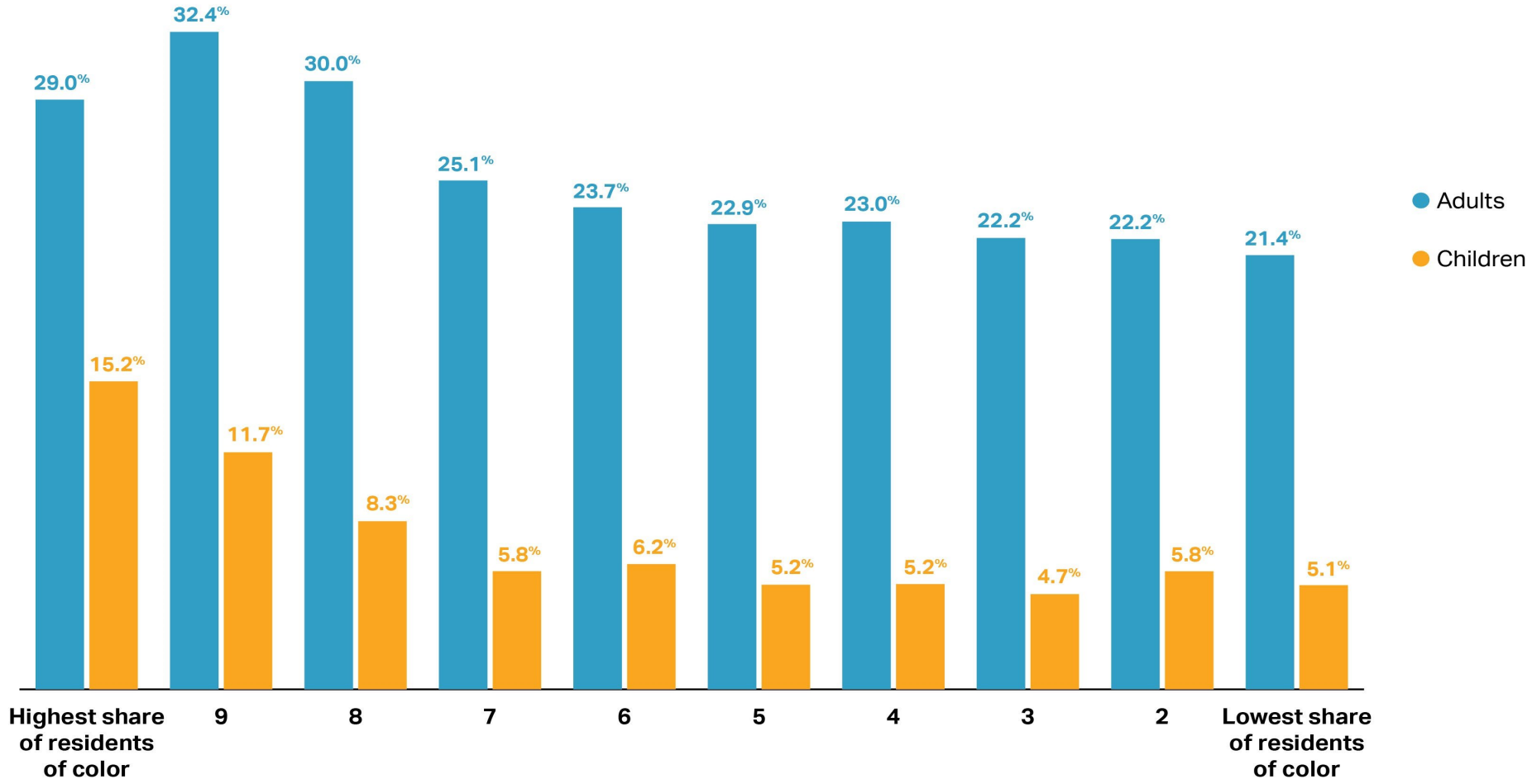


- Children in lower income areas were also more likely than those in higher income areas to have **no care use** of any kind (4.5% versus 0.7%).

Notes: Analysis restricted to members under 65 with full year medical and prescription drug coverage. Children are defined as those under 18 years old. Adults are those aged 18 to 64. Income groupings represent population-weighted deciles based on median income of zip code sourced from U.S. Census Bureau American Community Survey 5-year estimates.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022, 2022.

Utilization of primary care also varies by the share of residents of color in an area.

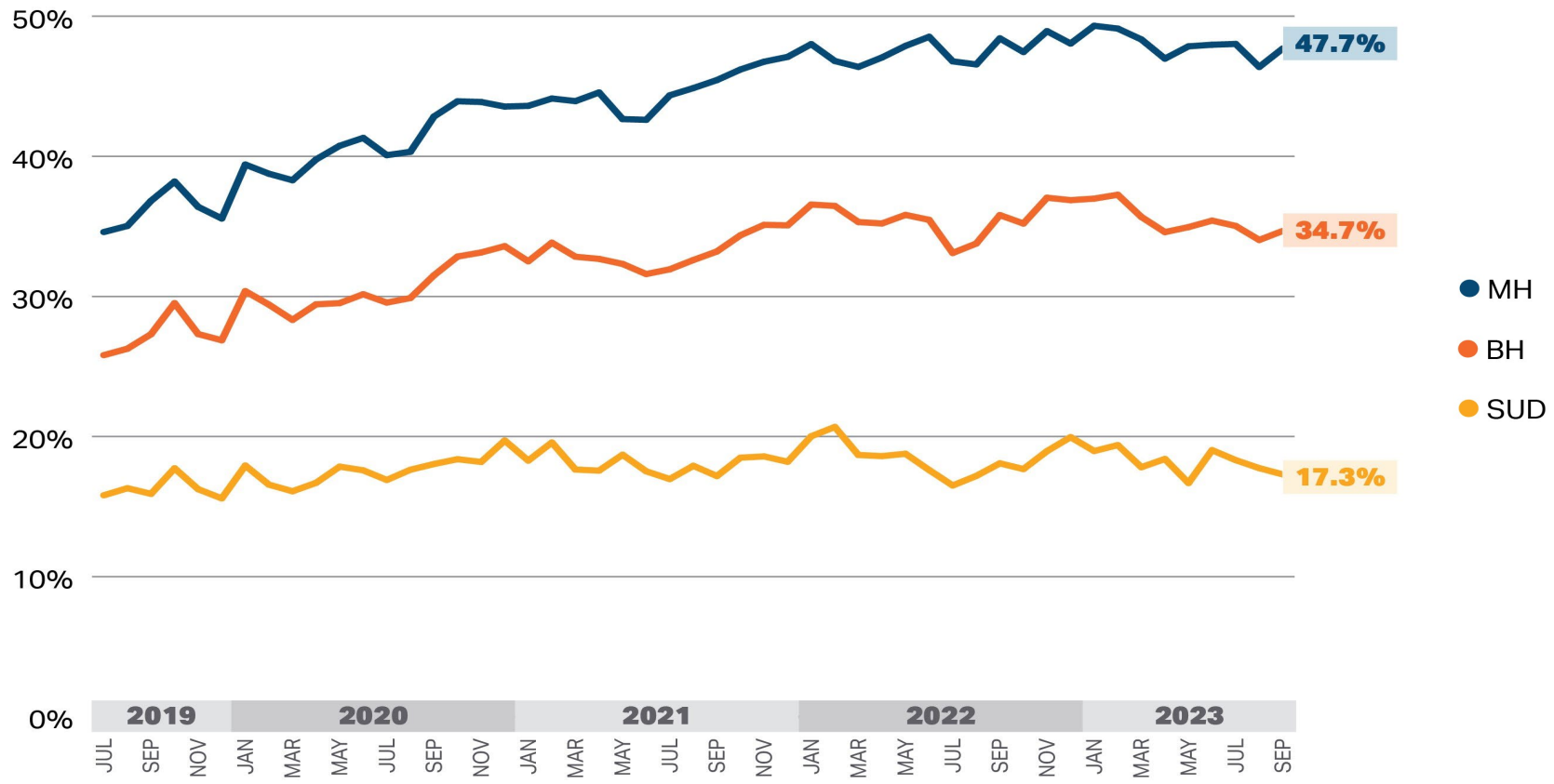
Percentage of individuals with no primary care visits by the percentage of residents in their zip code who are non-white, 2022



Notes: Analysis restricted to members under 65 with full year medical and prescription drug coverage. Children are defined as those under 18 years old. Adults are those aged 18 to 64. Race and ethnicity distribution by zip code based on the U.S. Census Bureau American Community Survey 5-year estimates. The average percent of residents of color ranged from 78.6% in the highest decile to 4.2% in the lowest decile.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022, 2022.

The proportion of mental-health related ED patients that spend at least 12 hours in the ED remained near 50% through September 2023.

Percentage of behavioral health emergency department visits (mental health and substance-use disorder) lasting at least 12 hours, 2022

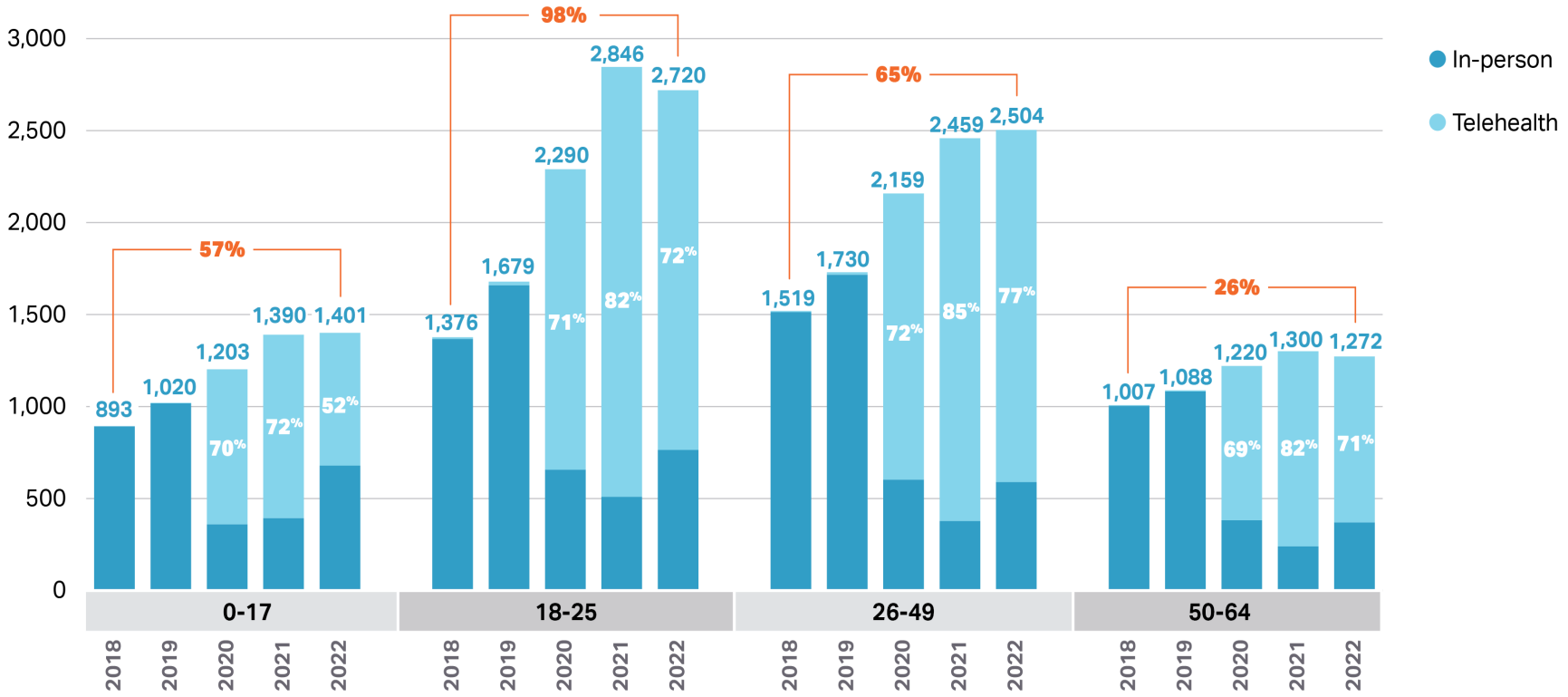


- Overall behavioral health (BH) boarding rates were higher for children than adults or elderly patients.

Notes: Exhibit begins in July 2019 due to irregular length of stay data in preceding time periods. Excludes two ED sites due to missing data, and one additional ED site due to irregular length of stay data. MH = mental health; BH = behavioral health; SUD = substance use disorder. The HPC defines ED boarding as greater than or equal to 12 hours in the hospital ED. ED visits where patients were admitted to the same hospital are not included in the dataset. Behavioral health visits were identified using AHRQ's CCSR for the primary diagnosis (BH: MBD001-MBD034, Mental Health: MBD001-MBD013, Substance Use: MBD17-MBD34).
Sources: HPC analysis of Center for Health Information and Analysis Emergency Department Database, FY2019 to FY2023, preliminary FY2023.

Psychotherapy utilization was highest for young adults at 2.7 annual visits per person in 2022, double the rate in 2018.

Number of psychotherapy visits per 1,000 commercial members by visit mode and age group, 2018 to 2022

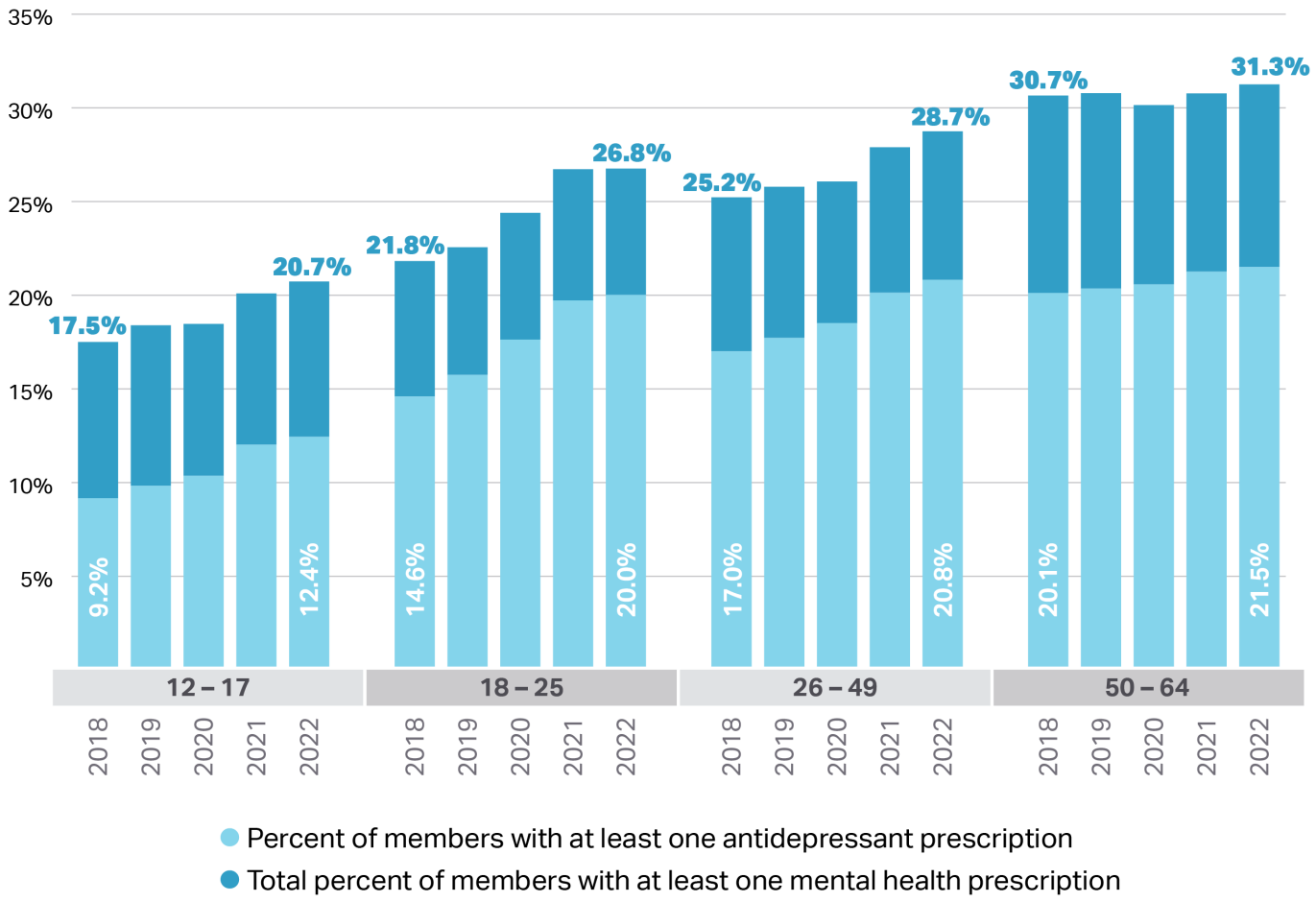


- Telehealth accounted for approximately 70% of visits in 2022, down somewhat from 2021.

Notes: Includes psychotherapy visits for individuals ages 0-64 with 12 months of enrollment in the year. Therapy claims identified using Current Procedural Terminology codes 90832, 90833, 90834, 90836, 90837 and 90838.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022, 2018-2022.

More than 1 in 5 commercially-insured adults filled at least one anti-depressant prescription in 2022. The proportion grew the most among young adults from 2018 to 2022.

Percentage of patients in the APCD with at least one prescription filled during the year of the shown category, 2022



- The percent of all commercial members with at least one mental health prescription grew from 25.8% in 2018 to 28.6% in 2022 and from 21.8% to 26.8% for members aged 18-25.
- The total number of **mental health prescriptions increased 48% among young adults** from 2018 to 2022.

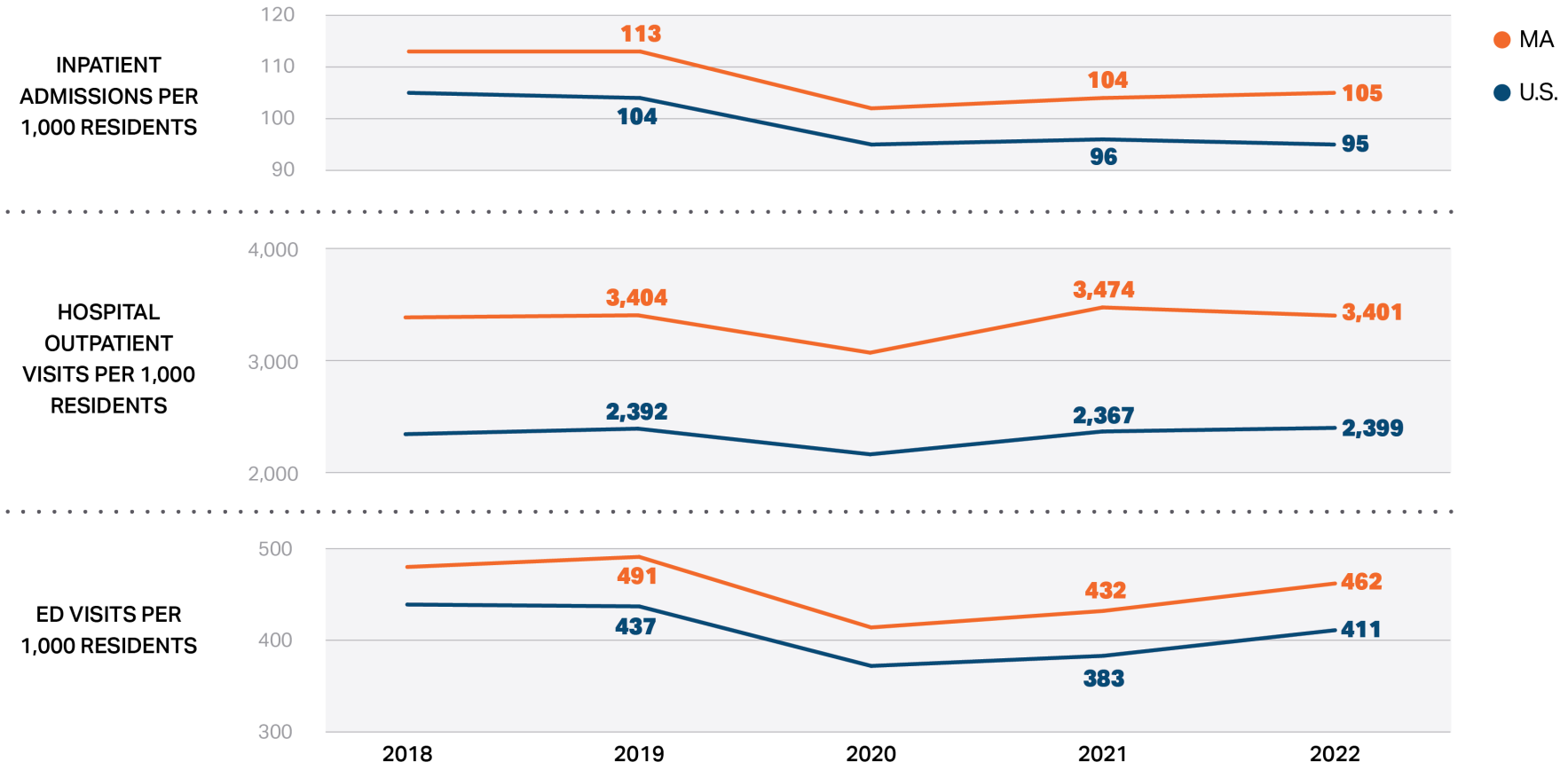
Notes: Includes members aged 12-64 with full year prescription drug coverage. Prescriptions were identified using CHIA's primary care and behavioral health data code list. Available at: https://www.chiamass.gov/payer-data-reporting-primary-and-behavioral-health-care-expenditures/ Drug categories based on Redbook. Antidepressants include drugs that are used to treat depression but may also be prescribed for other mental health conditions such as anxiety disorders, posttraumatic stress disorders, obsessive-compulsive disorder, and panic disorder.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022, 2018-2022.

Presentation Outline

1. Broad Spending Trends
2. Affordability of Care
3. Highlights from Chartpacks
    - Price Trends and Variation
    - Provider Organization Performance Variation
    - Primary Care and Behavioral Health
    - **Hospital Utilization and Post-Acute Care**
4. New Examination for 2024 CTR: Variation in Intensity of Care
5. 2024 Policy Recommendations

Utilization of hospital inpatient, outpatient, and ED visits per person in Massachusetts all continue to be substantially above the U.S. average.

Number of visits of each type per 1,000 residents (all payers), Massachusetts and the U.S., 2018-2022

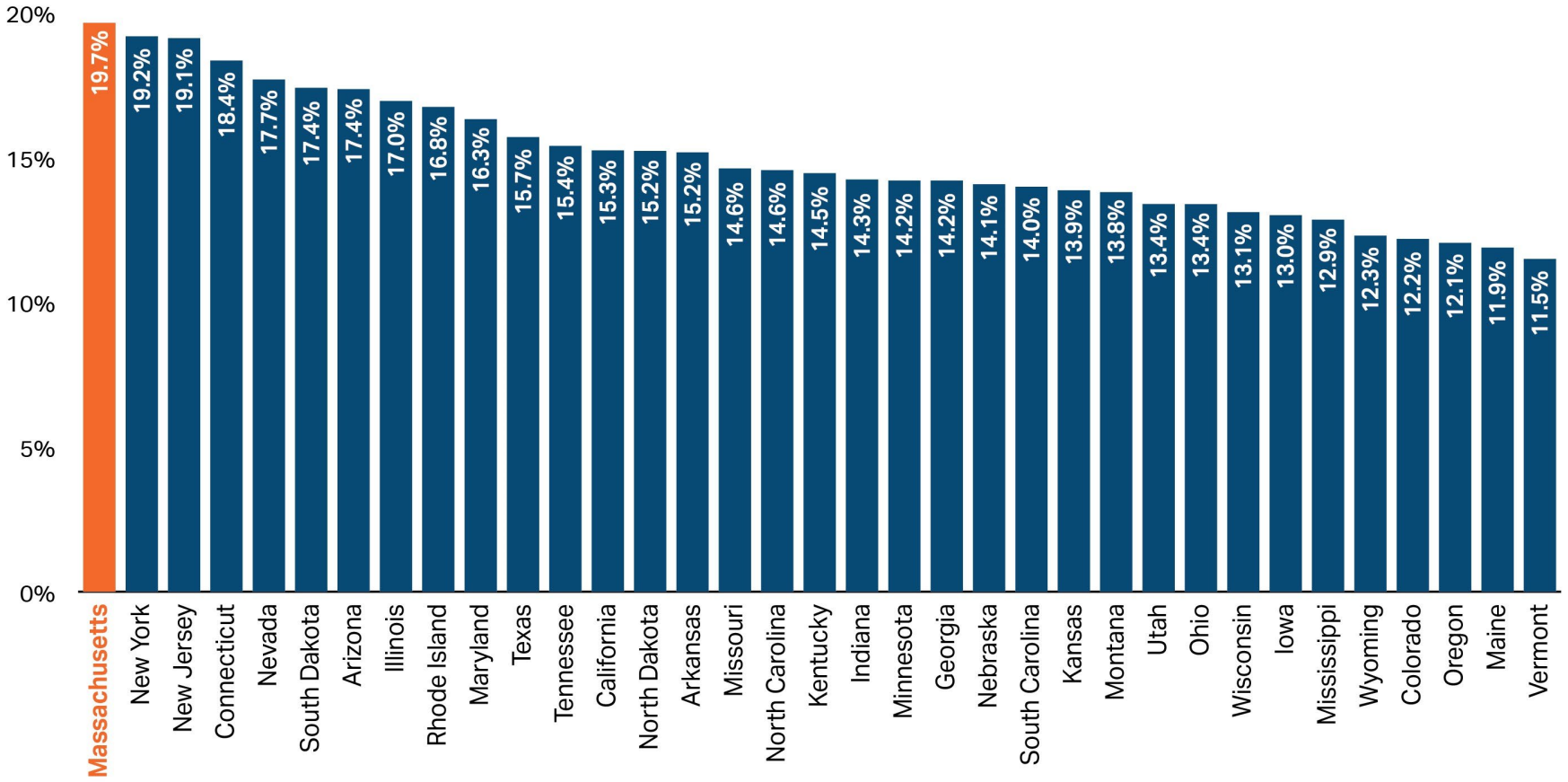


Notes: Data are for community hospitals as defined by Kaiser Family Foundation, which represent 85% of all hospitals. Federal hospitals, long term care hospitals, psychiatric hospitals, institutions for the intellectually disabled, and alcoholism and other chemical dependency hospitals are not included. The United States category includes Massachusetts.
Sources: Kaiser Family Foundation State Health Facts (2022). "Hospital Admissions per 1,000 Population by Ownership Type" (2012 - 2022); "Hospital Emergency Room Visits per 1,000 Population by Ownership Type" (2012-2022); "Hospital Outpatient Visits per 1,000 Population by Ownership Type" (2012-2022). http://www.kff.org/state-category/providers-service-use/hospital-utilization/

- Inpatient hospital use in MA was similar to the U.S. average in the early 2000s.
- In 2022:
  - Inpatient stays: **10.5% higher**
  - Outpatient visits: **41.8% higher**
  - ED visits: **12.4% higher**

Massachusetts admitted a higher percentage of ED patients for a full hospital stay than all other states analyzed.

Percentage of emergency department patients admitted to a full inpatient stay, including commercial, Medicare and Medicaid, 2022

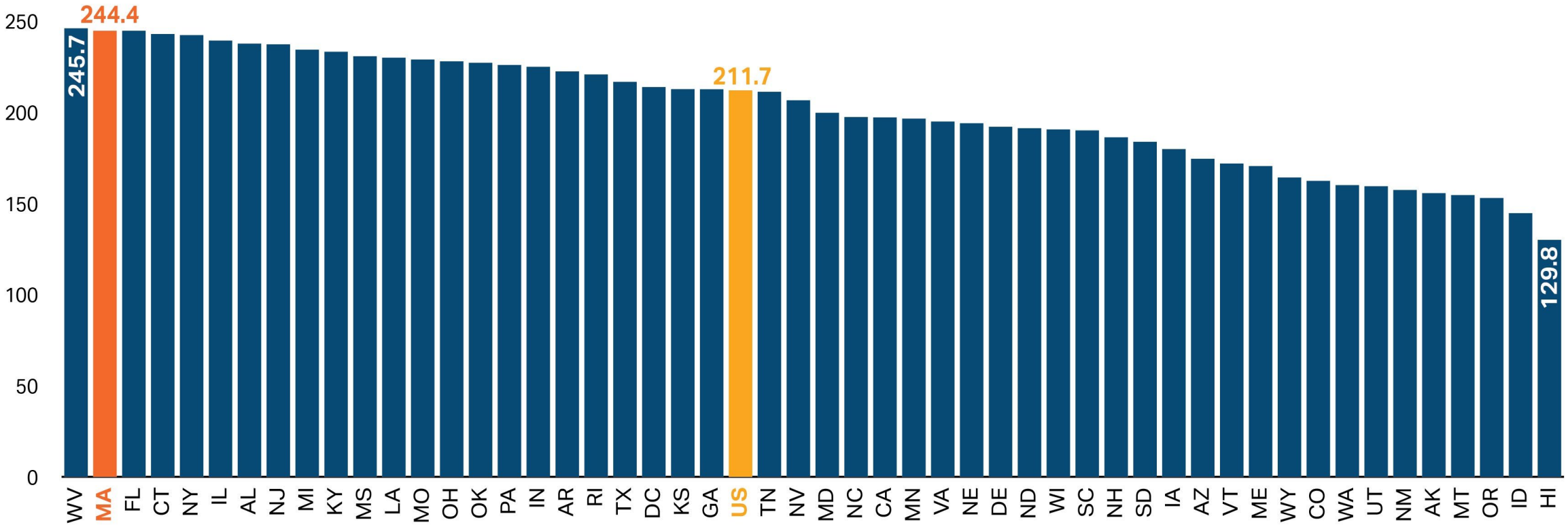


Notes: Represents the share of all visits originating in an ED that were ultimately admitted to an inpatient unit. Data are for all ages and payers. Not all states report data to HCUP and not all reporting states include data in both settings. States without 12 months of data in the year were excluded. This resulted in 35 states with inpatient and emergency department discharge data.
Sources: HPC analysis of AHRQ HCUP Inpatient and Emergency Department Summary Trend Tables, 2020.

- Among 35 states with available data, Massachusetts had the highest share of all ED visits that were admitted for an inpatient stay at 19.7% in 2020.
- Massachusetts' rate of ED admission increased from 17.0% in 2019, when it also had the highest rate.

In 2022, Massachusetts had the 2nd highest rate of hospitalizations among Medicare beneficiaries in the U.S., 15.5% higher than the national average.

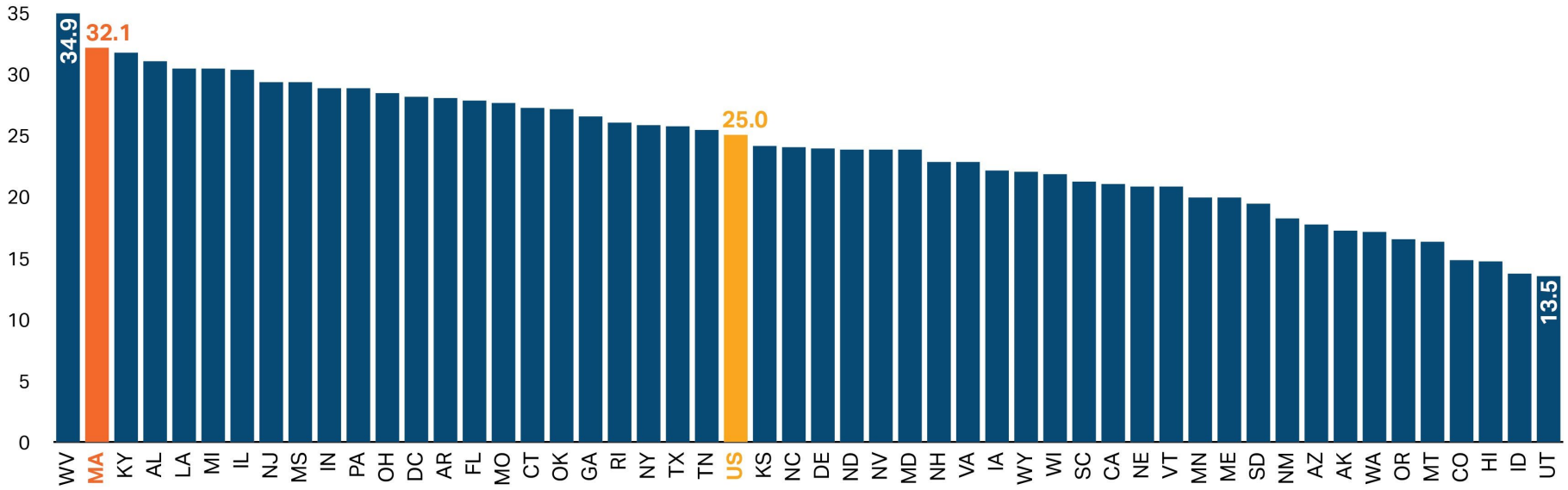
Total inpatient stays per 1,000 Original Medicare beneficiaries aged 65+, by state, 2022



Notes: Inpatient discharge data is based on 100% of Medicare fee-for-service claims for Fee For Service (FFS) beneficiaries aged 65 and older.
Sources: HPC analysis of the Center for Medicare and Medicaid Services Geographic Variation Public Use file, 2022

In 2022, Massachusetts has the 2nd highest rate of preventable hospitalizations among Medicare beneficiaries in the U.S., 28% higher than the national average.

Annual preventable hospital admissions per 1,000 Original Medicare beneficiaries aged 65+, by state, 2022



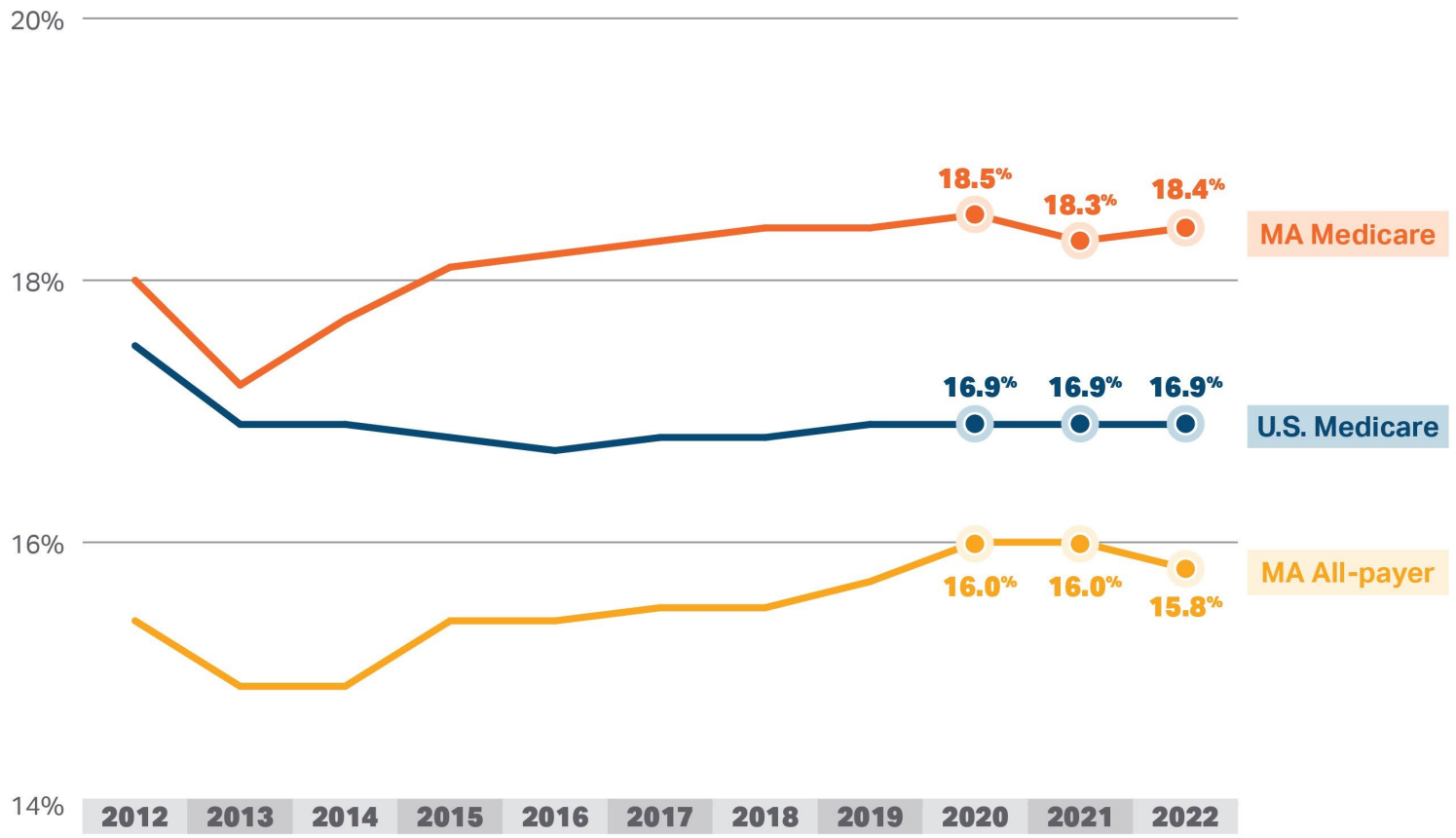
Notes: Data includes only beneficiaries enrolled in Original Medicare aged 65+ and combine admissions for the following ambulatory care-sensitive conditions: diabetes, COPD, asthma, hypertension, CHF, bacterial pneumonia, UTI and lower extremity amputation.
Sources: HPC analysis of the Center for Medicare and Medicaid Services Geographic Variation Public Use file, 2022.

- Preventable hospitalizations are hospitalizations that could potentially have been treated in ambulatory care settings if they had been seen earlier (e.g., earlier visit to a PCP for UTI symptoms). They are considered an indicator of both quality of care and health care access.[1]

1. County Health Rankings & Roadmap: Preventable Hospital Stays. Available at: https://www.countyhealthrankings.org/health-data/health-factors/clinical-care/quality-of-care/preventable-hospital-stays?year=2024. Accessed on June 11, 2024.

In 2022, Massachusetts had the 3rd highest rate of 30-day hospital readmissions among Medicare patients in the U.S.

Thirty-day readmission rates, Massachusetts and the U.S., 2012 – 2022

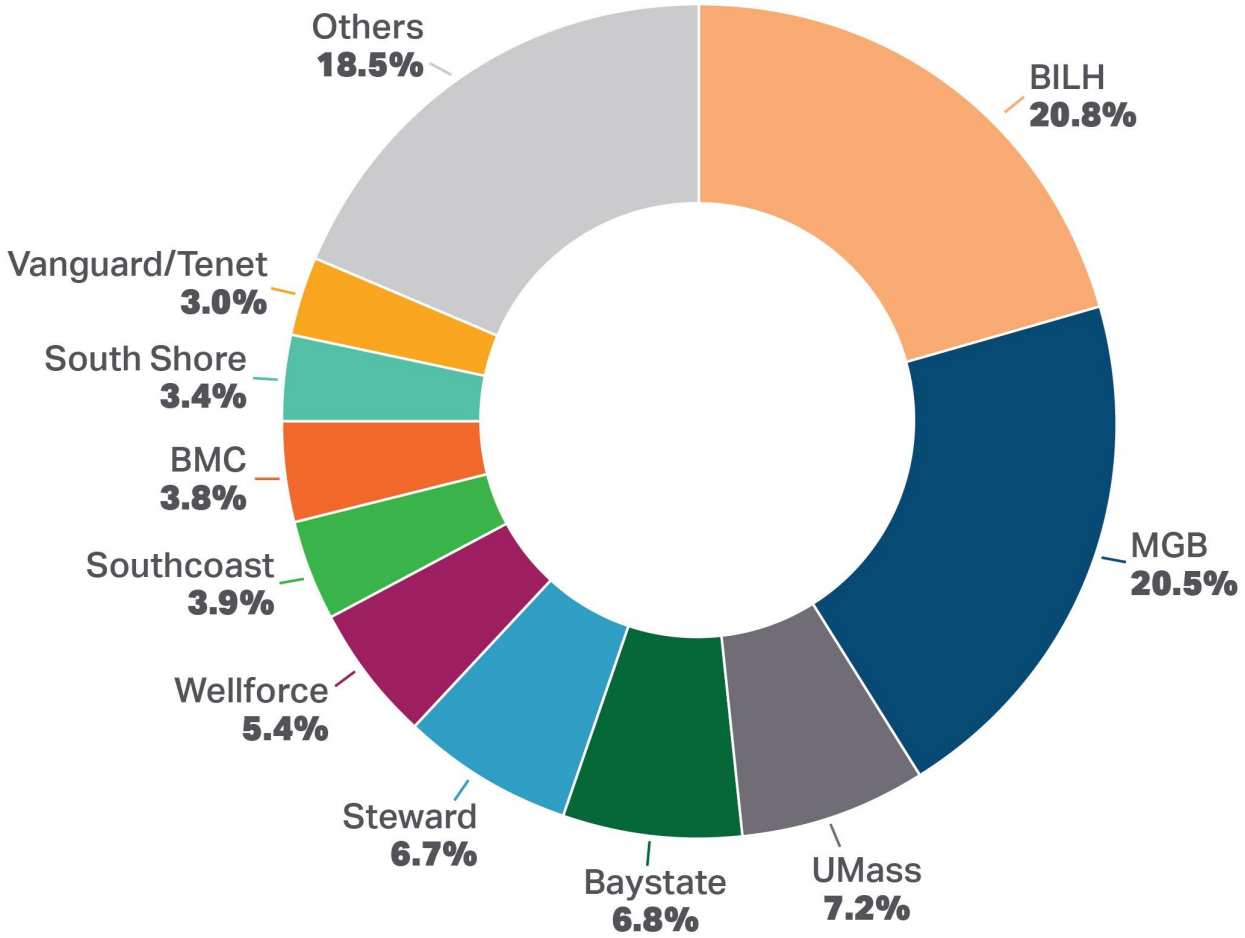


- Massachusetts' Medicare readmission rate was 5th highest in the U.S. in 2021.

Notes: MA and U.S. Medicare readmission rates are all-cause hospital 30-day readmission rates among fee-for-service Medicare beneficiaries (i.e., the number of readmissions divided by the total number of admissions where the beneficiary was discharged alive). MA All-payer readmission rate is the rate of unplanned hospitalizations for any reason within 30 days of eligible stays, excluding obstetric, psychiatric, cancer treatment, and rehabilitation admissions as well as discharge against medical advice.
Sources: Centers for Medicare and Medicaid Services (U.S. and MA Medicare), CY2012-2022; Center for Health Information and Analysis (all-payer MA), FY2012-2022.

The five largest hospital systems accounted for 62% of hospital inpatient and outpatient care in 2022, an all-time high.

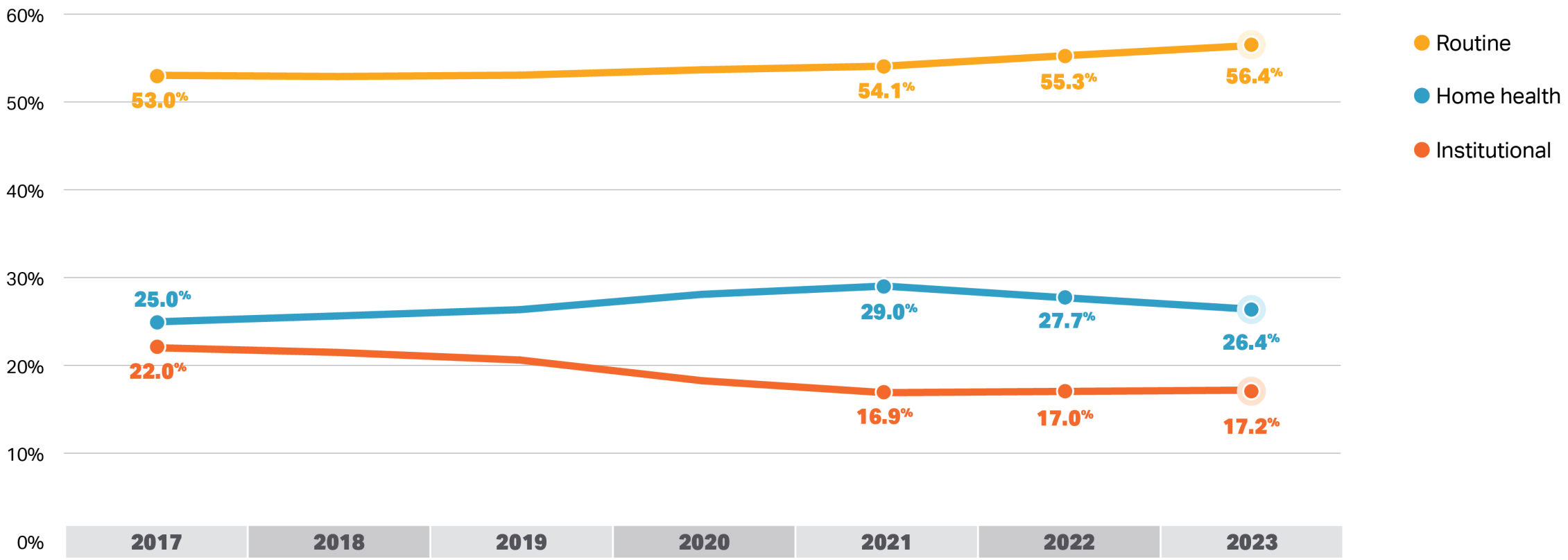
Share of statewide inpatient and outpatient hospital visits by system, 2022



Notes: Partners HealthCare changed its name to Mass General Brigham (MGB) in 2019. FY 2019 reflects the formation of Beth Israel Lahey Health (BILH) following the merger of Beth Israel and Lahey health systems. Inpatient care is measured in hospital discharges for general acute care services. Hospital outpatient care is measured in outpatient discharge equivalents, the quantity of outpatient services expressed in inpatient stay equivalents. Data analyzed on federal fiscal year.
Sources: HPC analysis of Center for Health Information and Analysis Hospital Cost Reports, FY2012-2022.

The share of inpatient stays discharged to home health declined from 2021 to 2023, after many years of steadily increasing.

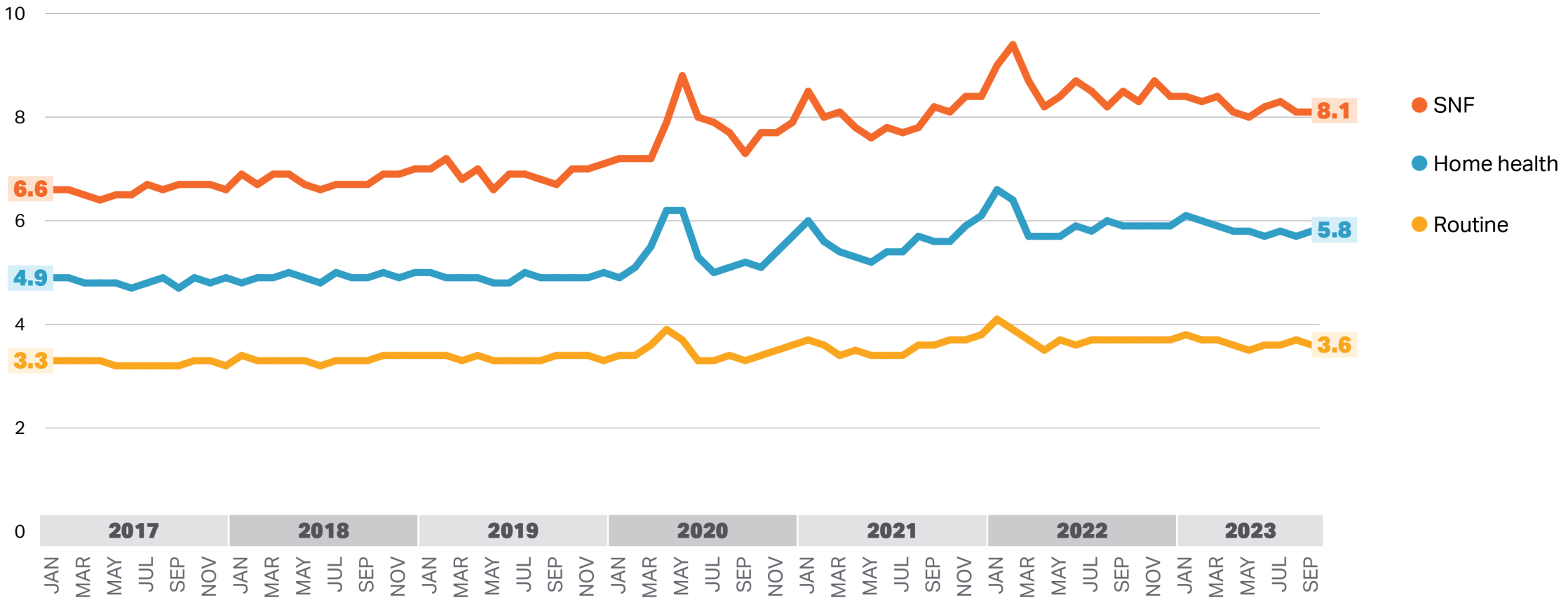
Percentage of inpatient stays discharged home ("routine"), to home health care or to institutional post-acute care in Massachusetts following hospital discharge, 2017 TO 2023



Notes: Out of state residents and those under 18 are excluded. Institutional post-acute care settings include skilled nursing facilities, inpatient rehabilitation facilities, and long-term care hospitals. Rates adjusted to control for age, sex, and changes in the mix of diagnosis-related groups (DRGs) over time. Specialty hospitals, except New England Baptist, were excluded. Two hospitals with at least one quarter of missing data (MetroWest Medical Center – Framingham Campus and Saint Vincent Hospital) were excluded for the entire study period.
Sources: HPC analysis of Center for Health Information and Analysis Hospital Inpatient Discharge Database (HIDD), FY2017 to FY2023, preliminary FY2023.

Since 2020, the average length of stay in the hospital for patients discharged to post-acute care has increased most significantly.

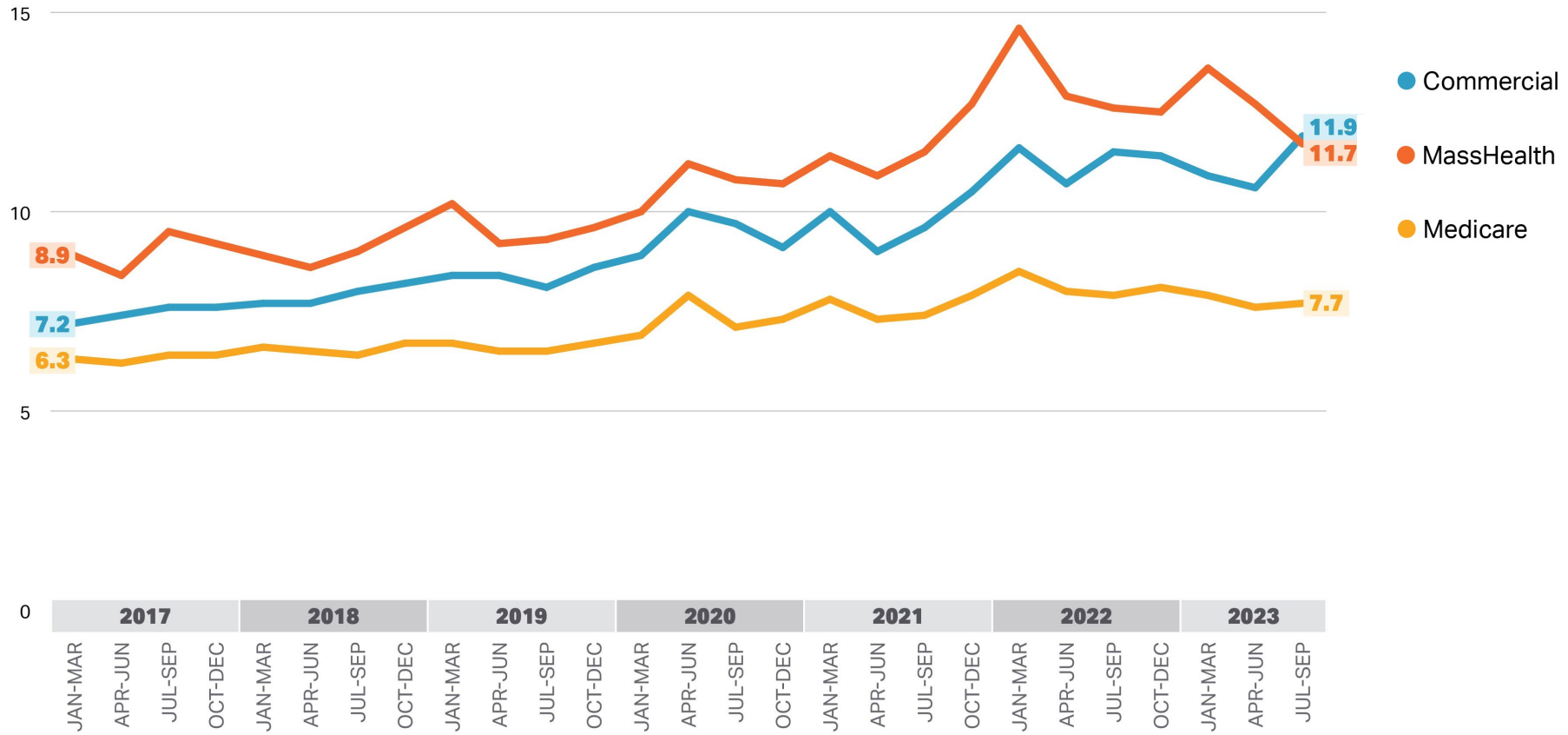
Average length of stay (days) for scheduled stays and admissions from the ED (combined) by discharge destination, 2017 to 2023



Notes: Based on patient discharge date and includes only admissions from the emergency department and scheduled admissions. Includes COVID-related discharges. Excludes pediatric, maternity, BH, and rehabilitation admissions and admissions with length of stay greater than 180 days. Two hospitals with at least one quarter of missing data (MetroWest Medical Center – Framingham Campus and Saint Vincent Hospital) were excluded for the entire study period.
Sources: HPC analysis of the Center for Health Information and Analysis (CHIA) Hospital Inpatient Discharge Database, FY2017 to FY2023, preliminary FY2023

Length of stay in the hospital for patients discharged to a skilled nursing facility has increased across all payer types in recent years, most significantly for commercially insured patients.

Average length of stay (days) for scheduled inpatient stays and admissions from the ED (combined) discharged to skilled nursing facilities by payer, 2017 to 2023



- The total number of stays discharged to SNFs declined between FY2019 and FY2023 for Medicare, MassHealth, and commercial patients by 16% and 22%, and 45%, respectively.

Notes: "MassHealth" category includes stays covered by MassHealth, free care, health safety net, or CommonwealthCare/ConnectorCare plans as well as stays who were self pay. Based on patient discharge date and includes only admissions from the emergency department and scheduled admissions discharged routinely, to home health, or to a skilled nursing facility (SNF). Includes COVID-related discharges. Excludes pediatric, maternity, BH, and rehabilitation stays and stays with length of stay greater than 180 days. Two hospitals with at least one quarter of missing data (MetroWest Medical Center – Framingham Campus and Saint Vincent Hospital) were excluded for the entire study period.
Sources: HPC analysis of the Center for Health Information and Analysis (CHIA) Hospital Inpatient Discharge Database, FY2017 to FY2023, preliminary FY2023.

Presentation Outline

1. Broad Spending Trends
2. Affordability of Care
3. Highlights from Chartpacks
    - Price Trends and Variation
    - Provider Organization Performance Variation
    - Primary Care and Behavioral Health
    - Hospital Utilization and Post-Acute Care
4. **New Examination for 2024 CTR: Variation in Intensity of Care**
5. 2024 Policy Recommendations

Intensity of care is growing in Massachusetts and varies extensively across provider groups.

- Increased intensity of care, or the amount of resources used to treat a health care problem, accounted for roughly **10-15% of health care spending growth** in Massachusetts from 2019-2022.
- Some increases in care intensity are warranted but some are not linked to improved patient health.
- Physicians and provider groups vary widely in treatment intensity for similar patients.
  - For example, recent work by Zirui Song et al found **variation across physicians in C-section rates** for low-risk births ranging from **3% to more than 60%.**

Young G. J., et al. "Hospital Employment Of Physicians In Massachusetts Is Associated With Inappropriate Diagnostic Imaging: Study examines association between hospital employment of physicians and diagnostic imaging." Health Affairs 40.5 (2021): 710-718. Clemens J., and Gottlieb J. D. "Do physicians' financial incentives affect medical treatment and patient health?." American Economic Review 104.4 (2014): 1320-1349. Sakai-Bizmark R, et al. "Evaluation of hospital cesarean delivery–related profits and rates in the United States." JAMA Network Open. 2021 Mar 1;4(3):e212235-. Corredor-Waldron, Adriana, Janet Currie, and Molly Schnell. Drivers of Racial Differences in C-Sections. No. w32891. National Bureau of Economic Research, 2024. Song, Zirui, et al. "Physician practice pattern variations in common clinical scenarios within 5 US metropolitan areas." *JAMA Health Forum*. Vol. 3. No. 1. American Medical Association, 2022.

The HPC explored variation in intensity of care in several clinical scenarios.

The HPC identified care scenarios that were well-documented in the research literature in which:

- **Increased use of higher-intensity treatment** is not generally associated with **better health outcomes** for patients at the margin and is influenced by non-clinical factors
- The scenario is common **(high volume)** in the Massachusetts commercial population: this helps to **minimize the influence of patient differences**

Scenarios explored in the 2024 Health Care Cost Trends Report:

- Variation by hospital
  - Vaginal versus C-section delivery
- Variation by patient's primary care provider organization
  - Colorectal cancer screening methods
  - Treatment for knee osteoarthritis
  - Cardiac catheterization

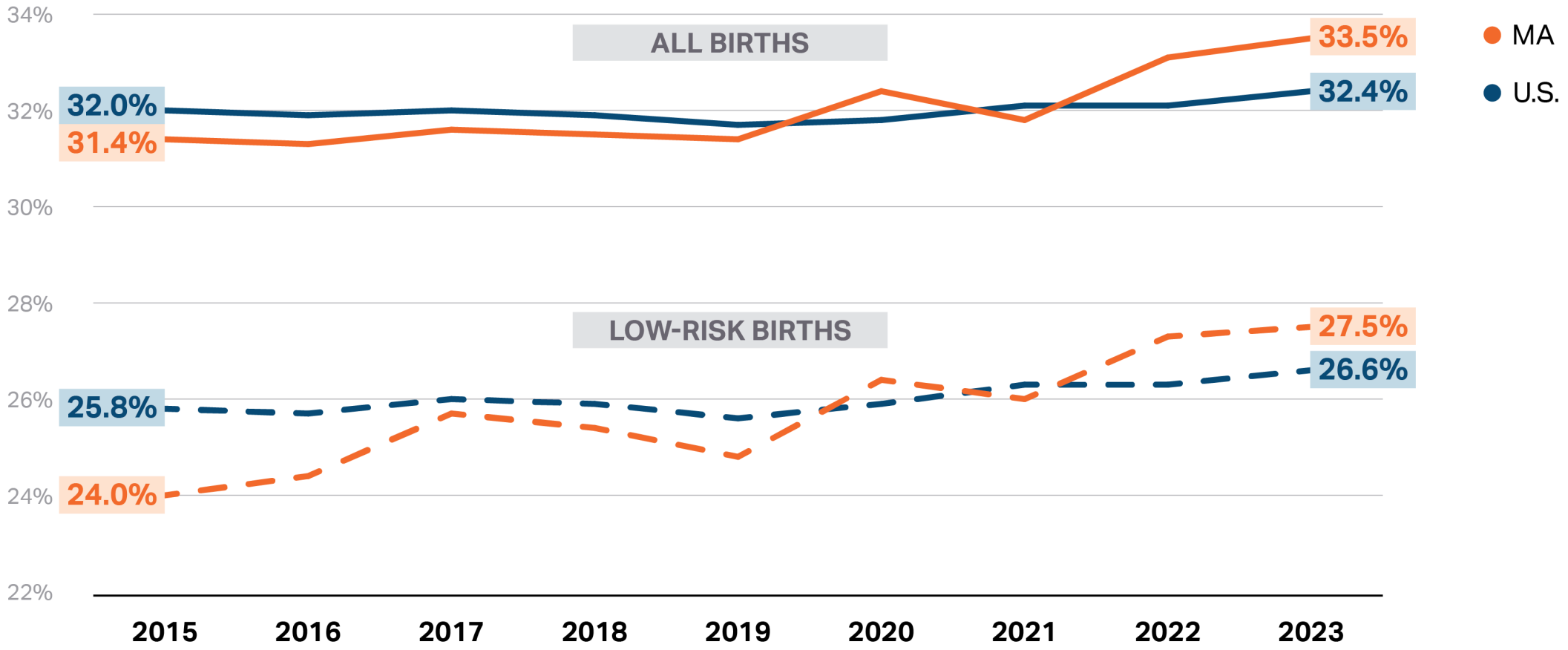
Scenario Highlight: C-section Deliveries

- C-section delivery is the most frequent surgical procedure in the U.S. It can be a life-saving intervention in many cases, but also entails **higher risk of complication and infection and increases the risk for future C-section births.**
  - C-section delivery has also been linked to **worse infant health** outcomes
- In the U.S., approximately one-third of births are delivered by C-section, more than the OECD average (28%) and **double the optimal rate** recommended by WHO to maximize women's health (between 15 and 19%).
- Higher C-section rates among hospitals and physicians have been attributed to:
  - The hospital delivery **environment and intensity**
  - Use of **continuous fetal monitoring** for low-risk births
  - Physician **uneasiness** with long labor
  - **Lack of use of nurse midwives**
  - **Higher payments** for C-section births
  - **Unused operating room capacity**

Detailed sources can be found in the HPC 2024 Annual Cost Trends report

C-section deliveries increased in Massachusetts from 2021-2023 and now exceed the national rate.

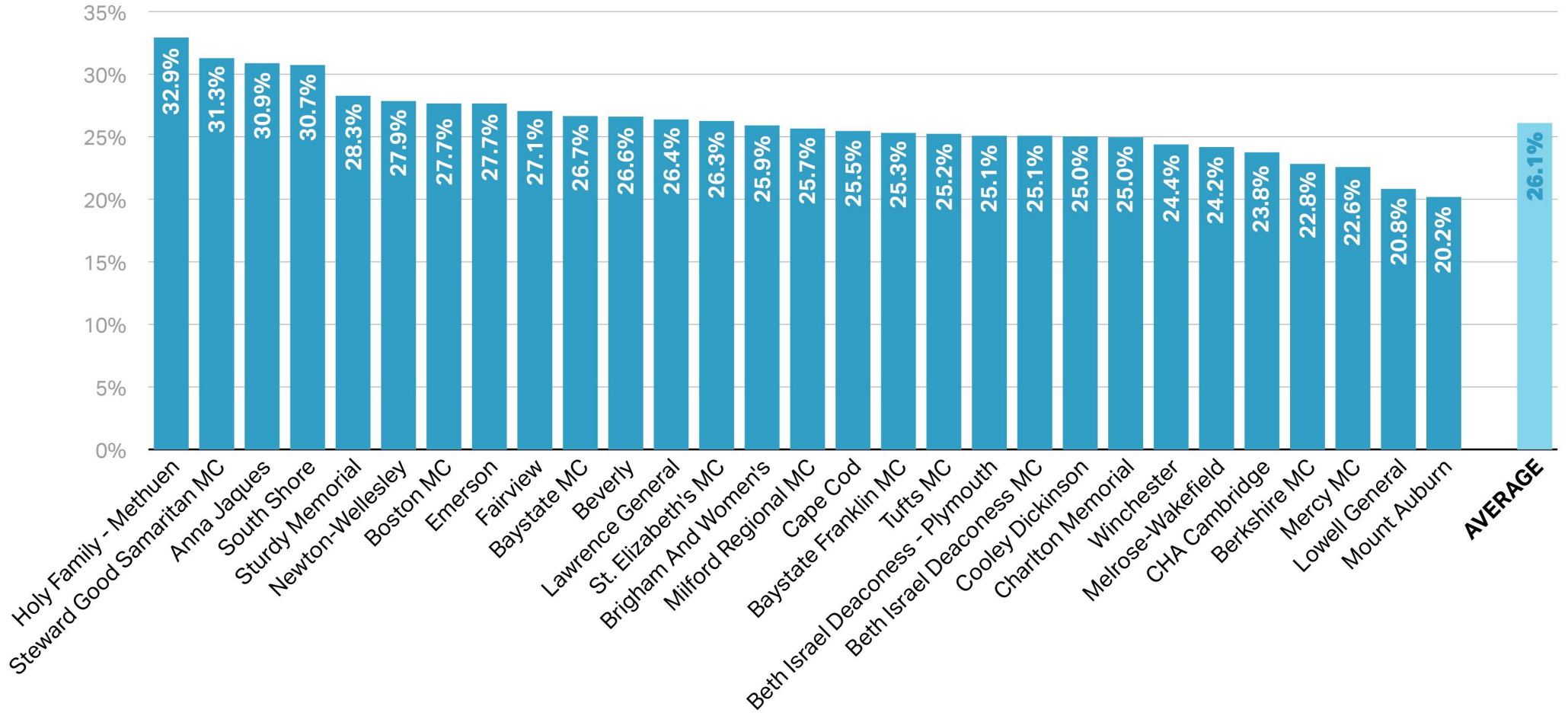
Percentage of Massachusetts (orange) and US (blue) deliveries for all births and low-risk births that are by C-section, 2015-2023



Notes: Low risk is defined as C-sections for first-time mothers giving birth to a single baby, at full-term, in the head down position.
Sources: US Department of Health and Human Services, National Vital Statistics System Rapid Release Tables, 2017-2024.

C-section rates for low-risk births varied from 1 in 5 to 1 in 3 among Massachusetts hospitals from 2018-2022

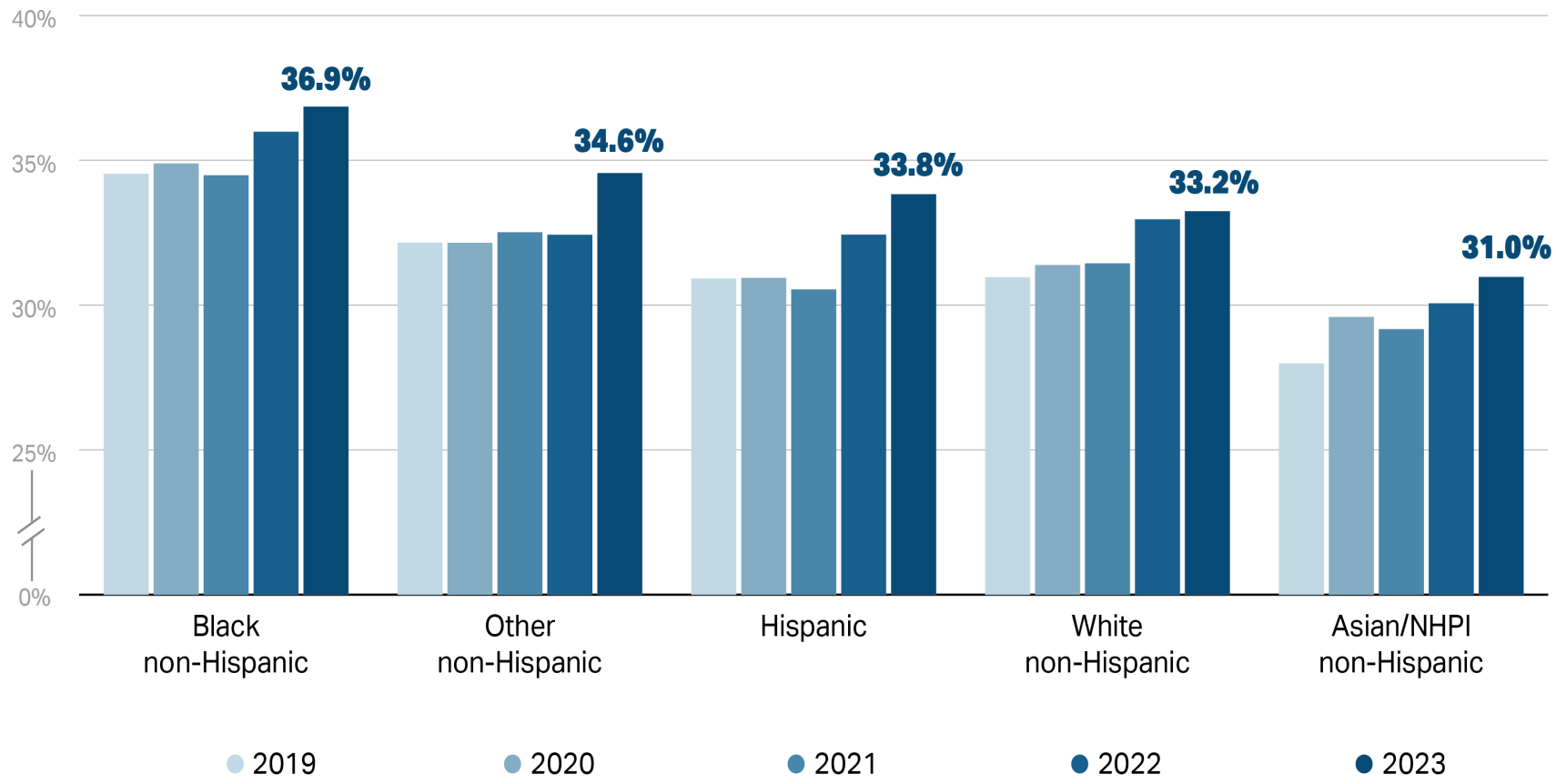
Percentage of low-risk births delivered by C-section at each hospital, 2018-2022 aggregate



Notes: Low risk is defined as C-sections for first-time mothers giving birth to a single baby, at full-term, in the head down position. Hospitals included are those with data for years 2018-2022. Some hospitals did not report data for any year and 14 hospitals had at least one year of missing data and were therefore not included in the exhibit, including Falmouth Hospital, Health Alliance Clinton, Heywood Hospital, Holyoke Medical Center, Massachusetts General Hospital, Metrowest Medical Center, Morton Hospital, Norwood Hospital, Salem Hospital, Signature Brockton Hospital, St. Luke's Hospital, St. Vincent's Hospital, Tobey Hospital, and UMass Memorial Medical Center.
Sources: HPC analysis of Center for Health Information and Analysis Annual Report Databooks, 2021-2024.

C-section rates also vary by race/ethnicity. Rates increased for all groups from 2021 – 2023.

Percentage of all births delivered by C-section at each hospital, by race/ethnicity of the birthing person



Notes: NHPI: Native Hawaiian / Pacific Islander. "Other non-Hispanic" group includes American Indian and Alaskan Natives, individuals with unknown or unreported race information, and individuals identified by the facility as a race other than those listed.
Sources: HPC analysis of Center for Health Information and Analysis Hospital Inpatient Discharge Database, FY2019-preliminary FY2023.

- The HPC could not identify any health-related factors that could explain these differences.
- Other researchers have found similar differences across the U.S. that are not due to clinical factors.[1]

1. See, e.g. Corredor-Waldron, Adriana, Janet Currie, and Molly Schnell. Drivers of Racial Differences in C-Sections. No. w32891. National Bureau of Economic Research, 2024

Next Steps

- In the coming weeks, HPC staff will circulate a full draft 2024 Health Care Cost Trends Report and Policy Recommendations to the Board for review and comment.
- The final **2024 Health Care Cost Trends Report and Policy Recommendations** will be considered at an upcoming HPC Board meeting.
- The report and policy recommendations will be discussed at the HPC Advisory Council meeting on September 26, 2024, and at the Annual Health Care Cost Trends Hearing on November 14, 2024.

Presentation Outline

1. Broad Spending Trends
2. Affordability of Care
3. Highlights from Chartpacks
    - Price Trends and Variation
    - Provider Organization Performance Variation
    - Primary Care and Behavioral Health
    - Hospital Utilization and Post-Acute Care
4. New Examination for 2024 CTR: Variation in Intensity of Care
5. **2024 Policy Recommendations**

2023 Health Care Cost Trends Report Policy Recommendations

1. Modernize the Commonwealth's Benchmark Framework to Prioritize Health Care Affordability and Equity For All.
2. Constrain Excessive Provider Prices.
3. Enhance Oversight of Pharmaceutical Spending.
4. Make Health Plans Accountable For Affordability.
5. Advance Health Equity For All.
6. Reduce Administrative Complexity.
7. Strengthen Tools to Monitor the Provider Market and Align the Supply and Distribution of Services With Community Need.
8. Support and Invest in the Commonwealth's Health Care Workforce.
9. Strengthen Primary and Behavioral Health Care.

Discussion: 2024 Policy Recommendations

- The dissolution and bankruptcy of Steward Health Care created an unprecedented crisis in our health care system, resulting in a devastating toll on the communities, patients, and health care workers in Massachusetts. Recognizing the HPC's unique role and expertise as a health care market monitor, there is an opportunity to focus this year's Cost Trends Report Recommendations on addressing the causes and consequences of this situation, many of which still remain to be seen.
- In so doing, the HPC will advance our recommended platform of reforms and policy changes to policymakers and the public necessary to:
  - Protect our system from **predatory actors**;
  - Strengthen **public accountability** and **transparency** of all health care organizations, including those private equity investors;
  - Confront the long-standing health care market dysfunctions that underlie **financing inequities** and the **drive to consolidation**; and
  - Rebuild a health care system that is **affordable** and **equitable** and **puts patients first**.

Discussion: 2024 Policy Recommendations

Many of these policies can be drawn from past HPC work and packaged together for urgent policy action.

These concepts include, but are not limited to:

1. Strengthening and expanding the state's **oversight and compliance enforcement tools** for health care market transactions, including those involving private equity;
2. Strengthening and expanding the state's **transparency requirements**, including **comprehensive public financial reporting**;
3. **Revitalizing health planning** to ensure that the supply of health services aligns with community health needs, and that historically underserved communities are not further harmed by market financial incentives that are not aligned with the public interest; and
4. Addressing **unwarranted price variation** and **commercial insurer payment differentials** that perpetuate inequities in the distribution of health care resources across different providers and communities.

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Steward Health Care Market Transactions

2024 Health Care Cost Trends Report: Discussion of Findings and Recommendations

HPC'S NEW BEHAVIORAL HEALTH WORKFORCE CENTER

Executive Director's Report

Adjourn

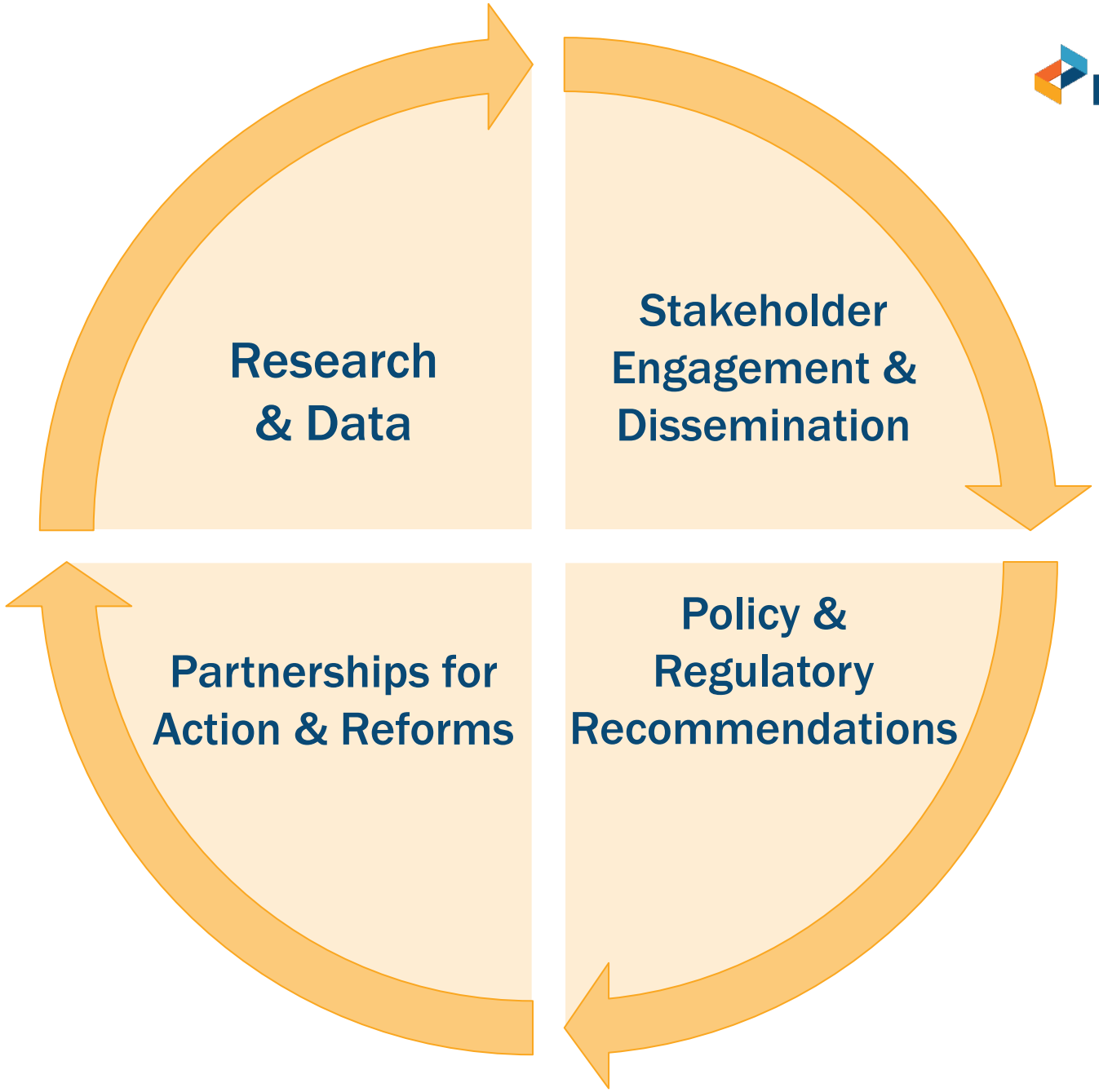
The HPC's New Behavioral Health Workforce Center

- The **HPC Behavioral Health Workforce Center (BHWC)** is being established in partnership with the Executive Office of Health and Human Services (EOHHS) to strengthen the state's capacity to identify and respond to current and ongoing behavioral health workforce needs.
- As part of the Healey-Driscoll Administration's comprehensive suite of behavioral health workforce initiatives funded by the Behavioral Health Trust (4000-0054), EOHHS has partnered with the HPC to establish this **multi-year initiative with $2.8 million in funding** (FY24-FY27).
- The BHWC is a standalone center and will **leverage the HPC's expertise** in research, policy development, stakeholder relationships and engagement, and communications.
- The initial activities for the BHWC will include:
  - Establishment of the center with dedicated staff leadership, embedded at the HPC.
  - Establishment and convening of an advisory group, to encourage stakeholder engagement and feedback.
  - Release of reports on behavioral health workforce research and recommendations on policies and strategies to meet the Commonwealth's behavioral health workforce needs.

Mission and Partnerships

- The mission of the BHWC is to **gain insight into the behavioral health workforce crisis in Massachusetts** and turn those lessons into strategies for state policymaking through the lens of evidence-informed, innovative, and focused research.
- The BHWC will **support state and private sector efforts to retain and develop a diverse, experienced behavioral health workforce** that can provide linguistically and culturally tailored care across the Commonwealth.
- The BHWC's work will **explore policy solutions to strengthen the behavioral workforce**, including but not limited to:
  - Streamlining licensure
  - Expanding the role of skilled, non-licensed professionals
  - Fostering partnerships with academic institutions

The HPC BHWC's mission will be accomplished through four strategies.



Amy Doyle, Director – HPC Behavioral Health Workforce Center

Amy Doyle, MSW, MPH

Director, Behavioral Health Workforce Center

HPC-BHWC@mass.gov

massHPC.gov

@Mass_HPC

tinyurl.com/hpc-linkedin

tinyurl.com/hpc-video

MASSACHUSETTS HEALTH POLICY COMMISSION

Meetings · Publications · Programs and Policy ·

HPC » The HPC Behavioral Health Workforce Center

The HPC Behavioral Health Workforce Center

Overview

The HPC Behavioral Health Workforce Center was formed in partnership with the Executive Office of Health and Human Services (EOHHS) to conduct research and make data-informed policy recommendations to strengthen the behavioral health workforce in Massachusetts, including efforts to improve education and training pipelines, increase diversity and cultural competency, enhance opportunities for professional growth, and retain behavioral health providers in the workforce.

Behavioral Health and Workforce Resources

Behavioral Health

Health Care Workforce

The HPC Behavioral Health Workforce Center serves as the Commonwealth's primary hub for research on the behavioral health workforce. The Center aims to (1) identify gaps and challenges across communities and provider types; (2) monitor trends, particularly related to disparities in workforce representation and demand for services; and (3) support development of responsive, high-impact policy recommendations.

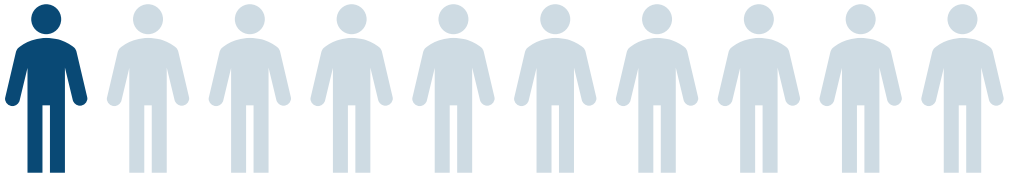
Research Agenda

The HPC Behavioral Health Workforce Center collaborates with state partners and stakeholders to capture data that informs policy development. Areas of research will include:

- A **comprehensive study and analysis of rates paid for behavioral health services** by both private and public payers and the adequacy of those rates.
- A **study of licensure and certification processes** for the behavioral health workforce.
- A study to establish **baseline behavioral health workforce needs** throughout the Commonwealth and develop recommendations and strategies to meet those needs.

https://masshpc.gov/bh-workforce

Massachusetts is experiencing an increasing demand and a declining accessibility of behavioral health care.



1 in 10 MA residents (628,575) reported an unmet need for behavioral health care in 2023.[1]

18% of MA households with children reported at least one child needing mental health treatment.

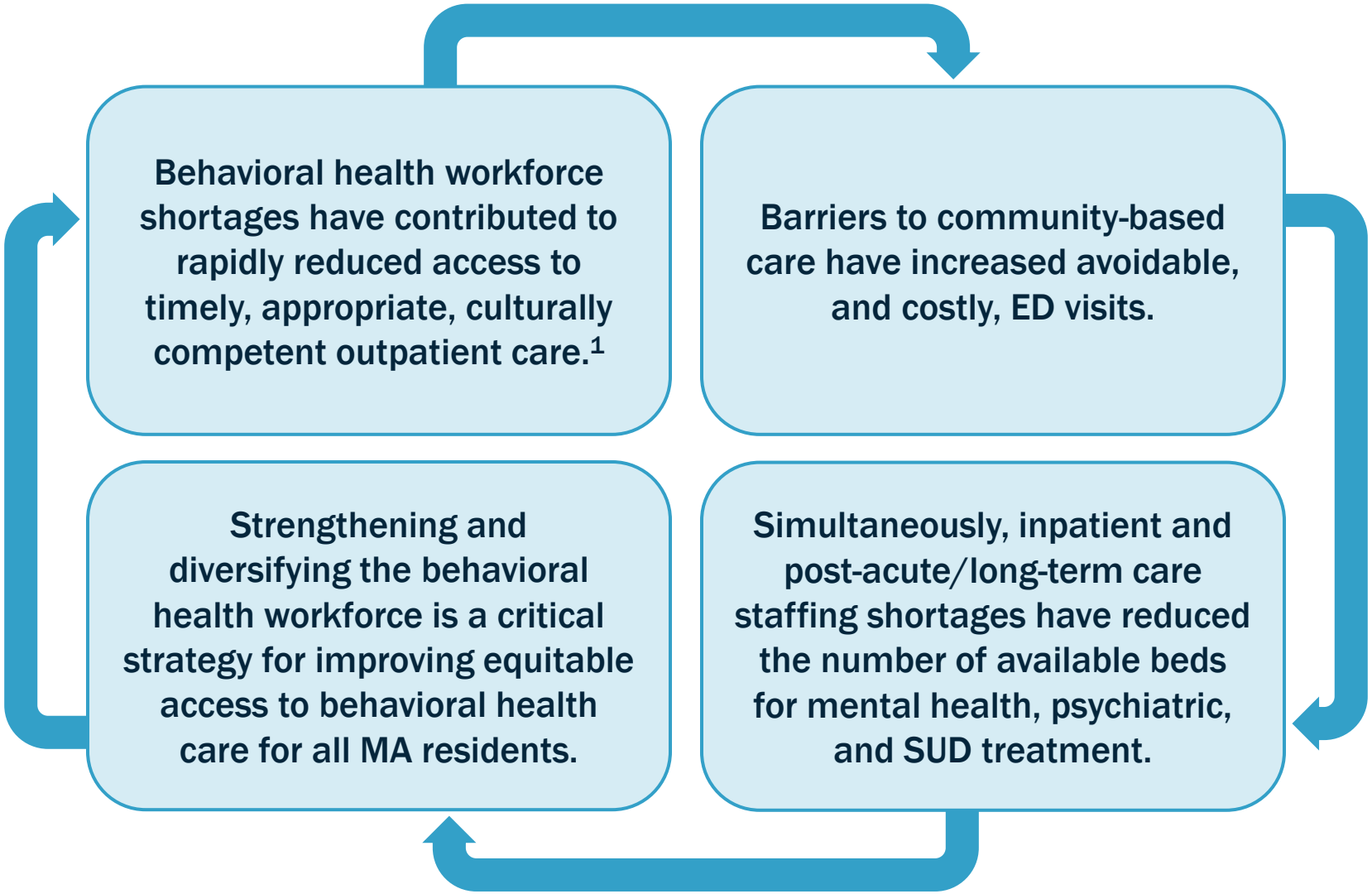
76% of those children had difficulty accessing or were unable to access needed treatment.[2]

15% of residents noted their most recent mental health care service was paid completely out-of-pocket, primarily due to lack of provider insurance acceptance.[1]

48% of mental health related ED visits results in a boarding stay of at least 12 hours in 2023, a 13-percentage point increase since 2019.

1. https://www.chiamass.gov/massachusetts-health-insurance-survey/
2. https://www.census.gov/programs-surveys/household-pulse-survey/data/tables.html (August 2024 Pulse Survey)

Behavioral health workforce challenges significantly contribute to the multi-faceted behavioral health care crisis in the Commonwealth.



1. https://masshpc.gov/publications/policyresearch-brief/health-care-workforce-trends-and-challenges-era-covid-19

Research Agenda

- A comprehensive study and analysis of **rates paid for behavioral health services by both private and public payers** and the adequacy of said rates to support the provision of equitable, quality behavioral health services in the Commonwealth.
- A study to **establish baseline behavioral health workforce needs throughout the Commonwealth** and develop recommendations and strategies to meet those needs.
- A study of **licensure** and **certification process** for the behavioral health workforce may include:
  1) the total number of licensed and certified behavioral health providers in the Commonwealth
  2) a demographic analysis of providers, including race, ethnicity, gender identity, sexual orientation, age, national origin, spoken languages, socioeconomic status, education level, outstanding educational debt and years of practice in the field, and
  3) an analysis of license application processing metrics, such as wait and processing times for initial and renewing professionals.

Next Steps

- Updates on the BHWC's work and job postings for dedicated roles to support the new center will be available on the HPC's website (www.mass.gov/hpc).
- HPC staff are **working with key stakeholders and sister agencies** on preliminary engagement during the launch period, and identifying data needs to enable the HPC to complete the robust research and policy agenda.
- The HPC will launch a procurement in several weeks to **convene a Behavioral Health Workforce Advisory Group**. Additional details forthcoming.
- In addition, the HPC is currently **conducting other research studies that align with this new initiative**, including such topics as:
  - Behavioral Health-related ED Boarding
  - Pediatric Behavioral Health Planning
  - Behavioral Health Managers

NEW REPORT:
Analysis of the Effects of Behavioral Health Managers on the Commonwealth's Health Care Delivery System

Pursuant to Section 74 of Chapter 177 of the Acts of 2022

A behavioral health manager is a company that contracts with a public or commercial health plan to provide for or arrange for the provision of behavioral health services for health plan members.

The services provided depend on the health plan's contract, but may include a provider network, claims adjudication, and case-management.

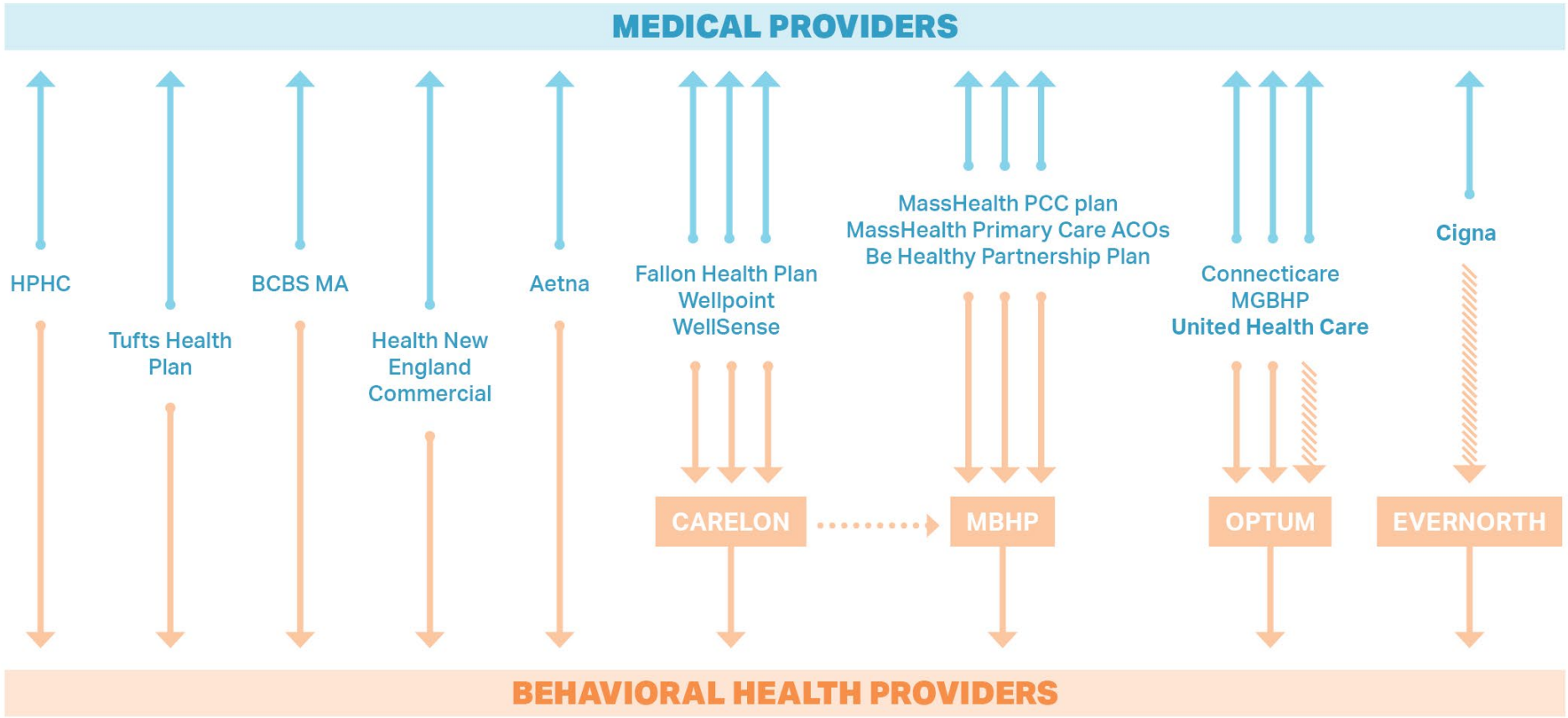
In this report, the HPC:

- Describes **the use of behavioral health managers** by commercial health plans and Medicaid plans in the Commonwealth;
- Summarizes **the regulatory landscape in Massachusetts and other states**;
- Details **perspectives on the advantages and disadvantages of using behavioral health managers**; and
- Reviews **comparative health plan quality measures**.

The report concludes with **recommendations** about ways to improve the provision of behavioral health care services when behavioral health managers are involved.

Massachusetts Landscape of Behavioral Health Managers (BHM)

Relationships between health plans and behavioral health managers in Massachusetts, 2024



- Most health plans in Massachusetts use a BHM for at least some services, and the use of specific BHM vendors has remained relatively consistent over time.
- Experiences with BHMs varied by stakeholder.
- Overall, the HPC did not find that plans that use BHMs provided better or worse quality care to their members.

Notes: This infographic is an updated version of an infographic displayed in the Examination of Health Care Cost Trends and Cost Drivers Pursuant to G.L. c. 6D §8, Office of the Attorney General, June 30, 2015.

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Steward Health Care Market Transactions

2024 Health Care Cost Trends Report: Discussion of Findings and Recommendations

HPC's New Behavioral Health Workforce Center

EXECUTIVE DIRECTOR'S REPORT

Adjourn

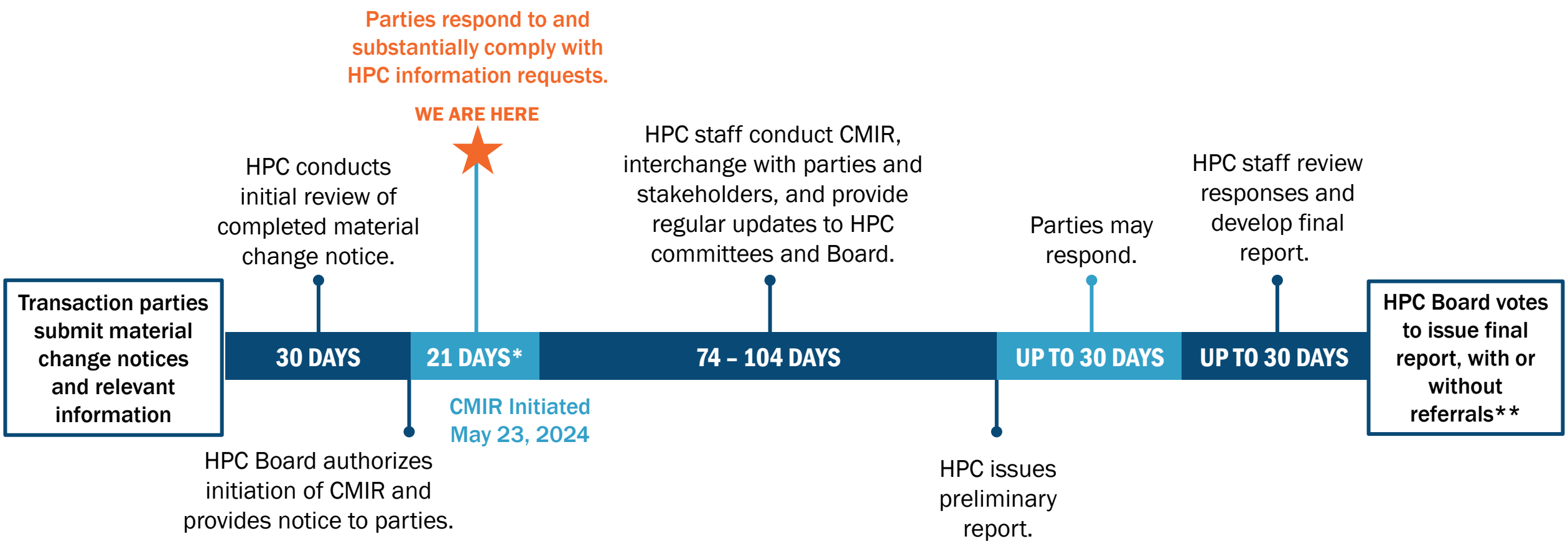
Since 2013, the HPC has reviewed 180 market changes.

TYPE OF TRANSACTION	NUMBER	FREQUENCY
Formation of a contracting entity	41	23%
Clinical affiliation	36	20%
Physician group merger, acquisition, or network affiliation	35	19%
Acute hospital merger, acquisition, or network affiliation	33	18%
Merger, acquisition, or network affiliation of other provider type (e.g., post-acute)	29	16%
Change in ownership or merger of corporately affiliated entities	5	3%
Affiliation between a provider and a carrier	1	1%

Cost and Market Impact Reviews in Progress

A proposed clinical affiliation between **Dana-Farber Cancer Institute**, **Beth Israel Deaconess Medical Center**, and the **Harvard Medical Faculty Physicians**. On May 23, 2024, the HPC formally initiated the CMIR process.

Timeline for Cost and Market Impact Report (CMIR) Review



* The parties may request extensions to this timeline which may likewise affect the timing of the report
** The parties must wait 30 days following the issuance of the final report to close the transaction

Elected Not to Proceed/Withdrawn

- The proposed acquisition of **Same Day Surgicare of New England** (SDS), a free-standing, multispecialty ambulatory surgical center in Fall River, by **Southcoast Health System**, a nonprofit health system which includes St. Luke's, Charlton Memorial, and Tobey hospitals and currently owns 49% of SDS.
- The proposed joint venture between **BMC Health System** and **Tellica Imaging** to establish and operate a licensed clinic offering MRI and CT services at three Massachusetts locations.
- A proposed acquisition of certain assets of **BioReference Health**, a laboratory testing company and subsidiary of OPKO Health that operates 10 laboratory facilities across the United States, by the **Laboratory Corporation of America Holdings**, a publicly traded, multinational provider of laboratory services operating approximately 2,000 laboratories across the United States.

Elected Not to Proceed/Withdrawn

WITHDRAWN

The proposed sale of Steward subsidiary **Stewardship Health**, the parent of Stewardship Health Medical Group, which employs primary care and other clinicians across nine states, and Steward Health Care Network, a provider contracting network, to **OptumCare**, a subsidiary of UnitedHealth Group

Material Change Notices Currently Under Review

RECEIVED SINCE 7/18/2024

- The proposed formation of a new contracting entity in Massachusetts, **Optum Health Networks**, by UnitedHealth Group, to operate as a new provider organization and negotiate risk contracts on behalf of independent physicians and facilities seeking to participate in the OptumCare network.
- The proposed creation of **Northeast Orthopaedic Alliance** and an affiliated management services organization by four existing orthopedic group practices in Massachusetts and New Hampshire: Boston Sports and Shoulder Center, EONE Medical, EONE Medical Subsidiary, and New England Orthopedic Surgeons.
- A proposed contracting affiliation between **Mass General Brigham** and **Healthcare South**, a for-profit Family Practice, Internal Medicine, and Pediatric Primary Care practice with nine locations in the South Shore and which is currently a contracting affiliate of Tufts Medicine Integrated Network.

Material Change Notices Currently Under Review

The proposed acquisition of **Vibra Hospital of Western Massachusetts**, the for-profit owner and operator of both an inpatient long term acute care hospital and a skilled nursing facility in Rochdale, Massachusetts, by Everest Hospital, LLC, a newly formed Massachusetts corporation in coordination with Nielk Equities, LLC

Material Change Notices Currently Under Review

- The proposed sale of Steward subsidiary **Stewardship Health**, the parent of Stewardship Health Medical Group, which employs primary care and other clinicians across nine states, and Steward Health Care Network, a provider contracting network, to **Brady Health Buyers, LLC**, an affiliate of Rural Healthcare Group and subsidiary of Kinderhook Industries.
- The proposed acquisition of **Steward St. Anne's** and **Steward Morton Hospital**, acute care hospitals in Fall River and Taunton, respectively, by **Lifespan of Massachusetts, Inc**.
- The proposed acquisition of **Steward Holy Family Hospital**, an acute care hospital comprised of two campuses in Methuen and Haverhill, by LG Newcorp, a wholly owned subsidiary of **Lawrence General Hospital**, an acute care hospital in Lawrence.
- The proposed acquisition of **Steward St. Elizabeth's Medical Center**, a teaching hospital in Boston, by **BMC Health System**.
- The proposed acquisition of **Steward Good Samaritan Medical Center**, an acute care hospital in Brockton, by **BMC Health System.**
- The proposed employment of certain **Steward office and hospital-based providers** by **BMC** following BMC's proposed acquisitions of St. Elizabeth's and Good Samaritan.

MCN Guidance Update: FAQ regarding Employment of Health Care Professionals

- The HPC has issued a Frequently Asked Questions (FAQ) Regarding Notices of Material Change Related to Employment of Health Care Professionals
  - The full FAQ can be found on the HPC website at https://masshpc.gov/regulations-guidance
  - The FAQ is intended to provide clarification for stakeholders on the Notice of Material Change (MCN) process pursuant to 958 CMR 7.00: Notices of Material Change and Cost and Market Impact Reviews.
  - This clarification relates to those circumstances in which employment of Health Care Professionals, including multiple Health Care Professionals from the same Provider or Provider Organization, constitutes a "Material Change" and requires notice to be filed.
- The HPC recognizes that each transaction has unique facts and circumstances and that multiple factors may affect whether a proposed transaction will require the filing of an MCN with the HPC. The HPC encourages any party with specific questions to contact HPC-Notice@mass.gov.

Legislative Update: Recently Enacted Legislation

- On August 23, 2024, Governor Healey signed into law **H.4999, *An Act promoting access to midwifery care and out-of-hospital birth options*** (Chapter 186 of the Acts of 2024).
  - **Section 48:** Establishes a new **Task Force on Maternal Health Access and Birthing Patient Safety** charged with studying maternal health access and birthing patient safety, including essential service closures, workforce, methods to increase the financial investment in services, and to ensure equitable access to maternal health care. **The HPC and DPH will co-chair the task force.**
  - **Section 15:** Adds the HPC to DPH's Maternal Mortality and Morbidity Review Committee.

- On September 6, 2024, Governor Healey signed into law **H.5033, *An Act to improve quality and oversight of long-term care*** (Chapter 197 of the Acts of 2024).
  - **Section 28:** Directs the HPC to report on the **impact of the Medicare shared savings program and participating Medicare ACOs on the financial viability of long-term care facilities in the Commonwealth** and continued access to long-term care facility services for Medicare patients.
  - **Section 17:** Directs DPH to consult with the HPC, CHIA, and other state agencies as part of new **annual examination of cost trends and financial performance among skilled nursing facilities.**

Recent and Upcoming Publications

RECENTLY RELEASED

- **DataPoints**: Early Evidence of Use and Spending Impacts of Blockbuster GLP-1 Weight-Loss Drugs in Massachusetts (August 2024)
- **ACO Profiles:** LEAP 2024-2025 Certified ACOs (August 2024)
- **White Paper**: Private Equity Investments in Massachusetts Health Care and State Policy Opportunities (July 2024)
- **Video:** BESIDE Investment Program: Birth Equity and Support through the Inclusion of Doula Expertise (July 2024)
- **Chartpack:** Severe Maternal Morbidity in Massachusetts Chartpack (May 2024)

UPCOMING

- **Report:** Analysis of the Effects of Behavioral Health Managers on the Commonwealth's Health Care Delivery System
- **HPC Short:** Inequities in Severe Maternal Morbidity in Massachusetts
- **Report:** Assessment of Health Care Needs and Supply in Massachusetts
- **Chartpack:** Massachusetts Primary Care Workforce
- **Evaluation Report**: C4SEN Investment Program
- **DataPoints**: ACO Certification Program Update – Evolution of Risk Contracting and Care Delivery Innovations

HPC 2024 Public Meetings

BOARD

October 10

December 12

COMMITTEE

Next meeting in 2025

ADVISORY COUNCIL

September 26

December 5

SPECIAL EVENTS

November 14
Cost Trends Hearing

Mass.gov/HPC

HPC-info@mass.gov

@Mass_HPC

tinyurl.com/hpc-linkedin

2024 ANNUAL HEALTH CARE COST TRENDS HEARING

The hearing will be livestreamed on the HPC's website and open to a limited number of pre-registered members of the public.

When:
Thursday, November 14, 2024
9:00 AM

Where:
Suffolk University Law School
120 Tremont Street, Boston

Livestream:
tinyurl.com/hpc-video

Register:
tinyurl.com/HPCCTH2024

MASSACHUSETTS
HEALTH POLICY COMMISSION

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Steward Health Care Market Transactions

2024 Health Care Cost Trends Report: Discussion of Findings and Recommendations

HPC's New Behavioral Health Workforce Center

Executive Director's Report

ADJOURN