



HPC Advisory Council Meeting

September 26, 2024



Agenda



CALL TO ORDER

Recent HPC Research and Program Highlights

Steward Health Care Market Transactions

Discussion: 2024 Health Care Cost Trends Report Policy Recommendations

Adjourn

Call to Order



RECENT HPC RESEARCH AND PROGRAM HIGHLIGHTS

- Research on Blockbuster Weight-Loss Drugs
- Research on Serious Maternal Morbidity and New HPC Investment Program
- New Behavioral Health Workforce Center
- Policy Brief on Private Equity in Health Care

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Recent HPC Research and Program Highlights

➤ **RESEARCH ON BLOCKBUSTER WEIGHT-LOSS DRUGS**

- Research on Serious Maternal Morbidity and New HPC Investment Program
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DATAPOINTS #27: Blockbuster GLP-1 Weight-Loss Drugs in Massachusetts

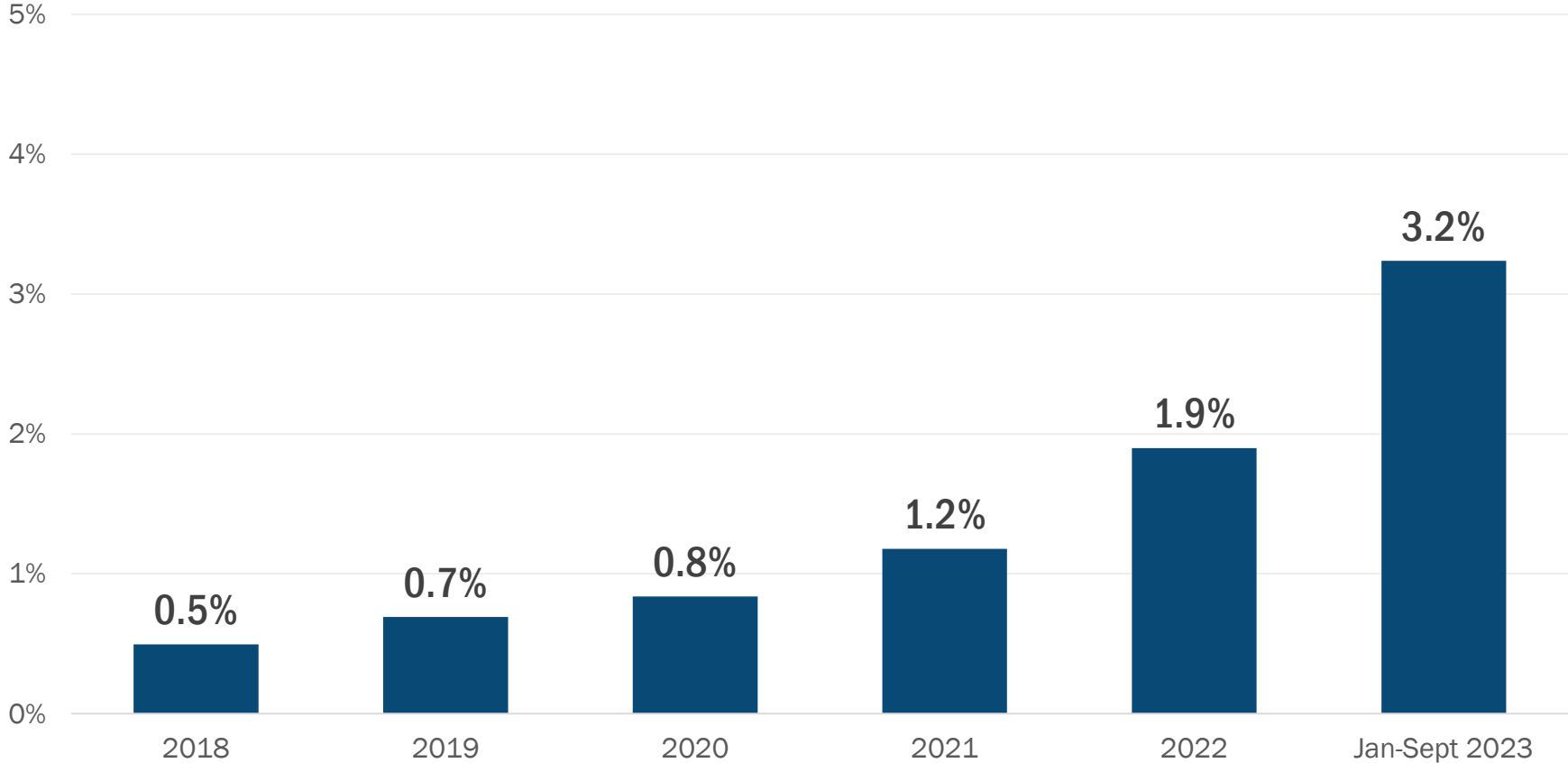
- The latest issue of DataPoints explores trends in GLP-1 prescriptions in Massachusetts through September 2023 and examines the use and spending impacts of these drugs in the Commonwealth.
- Key findings include:
 - The number of commercial members in Massachusetts prescribed any GLP-1 medication **increased at least 7-fold between 2018 and the first nine months of 2023**, amounting to 3.2% of all members in the latter period.
 - The HPC estimates that during 2023, **more than 310,000 GLP-1 prescriptions were filled** among commercially-insured members in Massachusetts.
 - Total gross commercial spending on GLP-1 medications was approximately \$270 million in 2023, **more than doubling** from nearly \$125 million in 2022.
 - Average gross commercial prices were highest for drugs indicated for weight loss (Wegovy and Saxenda), at \$1,303 and \$1,279 per one-month supply during the first nine months of 2023, respectively. Rybelsus had the lowest price, at \$905 per one-month supply during the same time period. **All drugs increased in price between January 2018 and September 2023.**



In the first nine months of 2023, 3.2% of Massachusetts commercial members were prescribed a GLP-1 drug, a 7-fold increase compared to 2018.



Percent of commercial members who were prescribed a GLP-1 drug that year, January 2018 to September 2023



Notes: Includes prescriptions among commercially-insured members between 18 and 64 years of age and with 12 months of medical and pharmacy coverage that year (9 months in 2023).

Sources: HPC analysis of Massachusetts Enhanced All-Payer Claims Database (2018 to 2023).

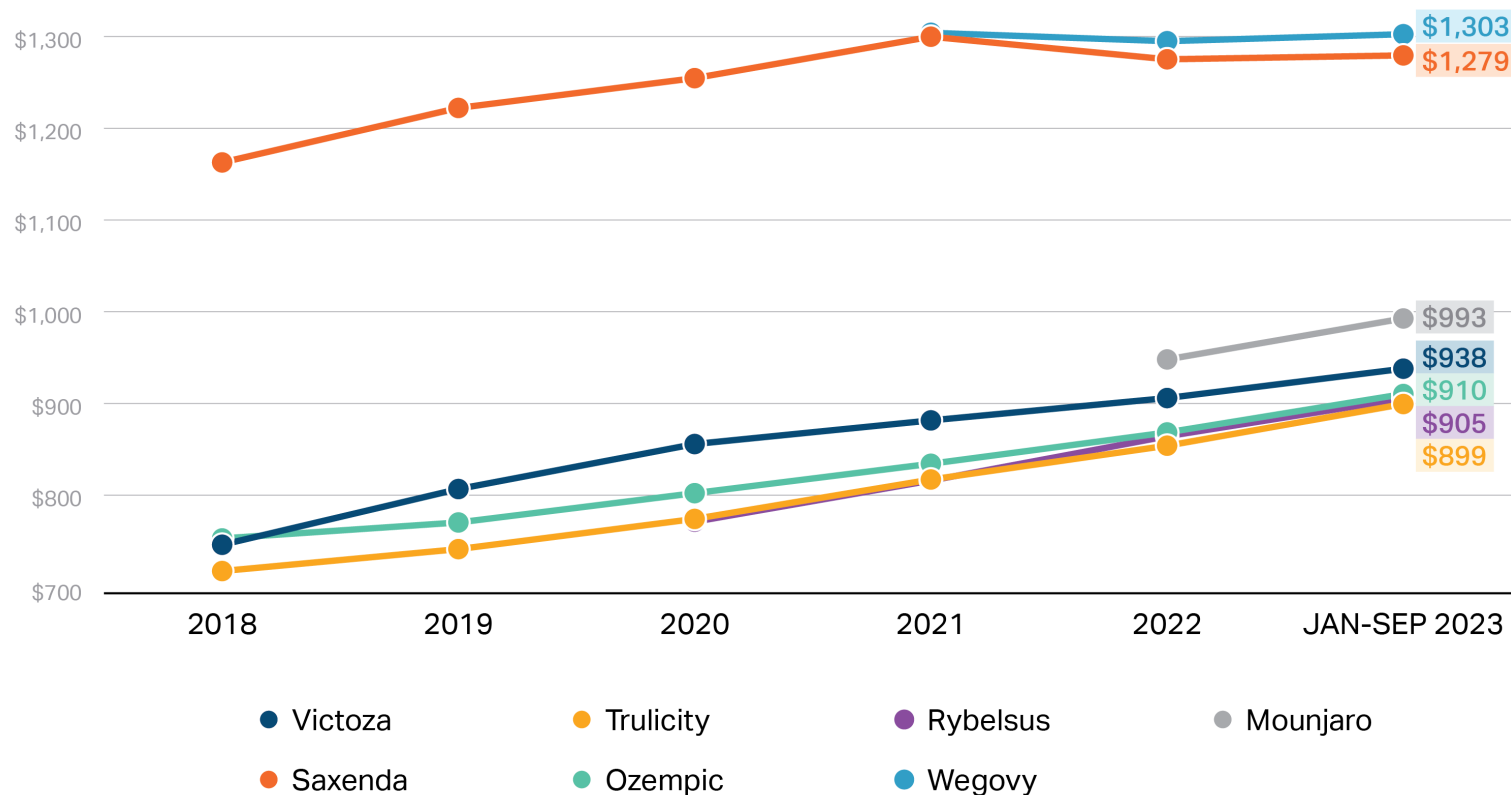
1. Massachusetts Group Insurance Commission. Commission Meeting. May 16, 2024. Available at: <https://www.mass.gov/doc/may-2024-commission-meeting-presentation/download>

- In the first nine months of 2023, 3.2% of commercial members were prescribed any GLP-1 drug; among these, almost two-thirds were prescribed a semaglutide drug.
- Data from the GIC (not included in this chart) shows a similar acceleration of use of GLP-1 medications through FY 2023.¹

Average commercial prices (gross) were highest for drugs indicated for weight loss (Wegovy and Saxenda); all drugs increased in price between January 2018 and September 2023.



Average commercial price (gross) for a one-month supply of GLP-1 medication by brand, January 2018 to September 2023



Between January 2018 and September 2023, the average gross price for a one-month supply of medication increased the most for Victoza (25.7%), followed by Trulicity (25.4%) and Ozempic (20.9%).

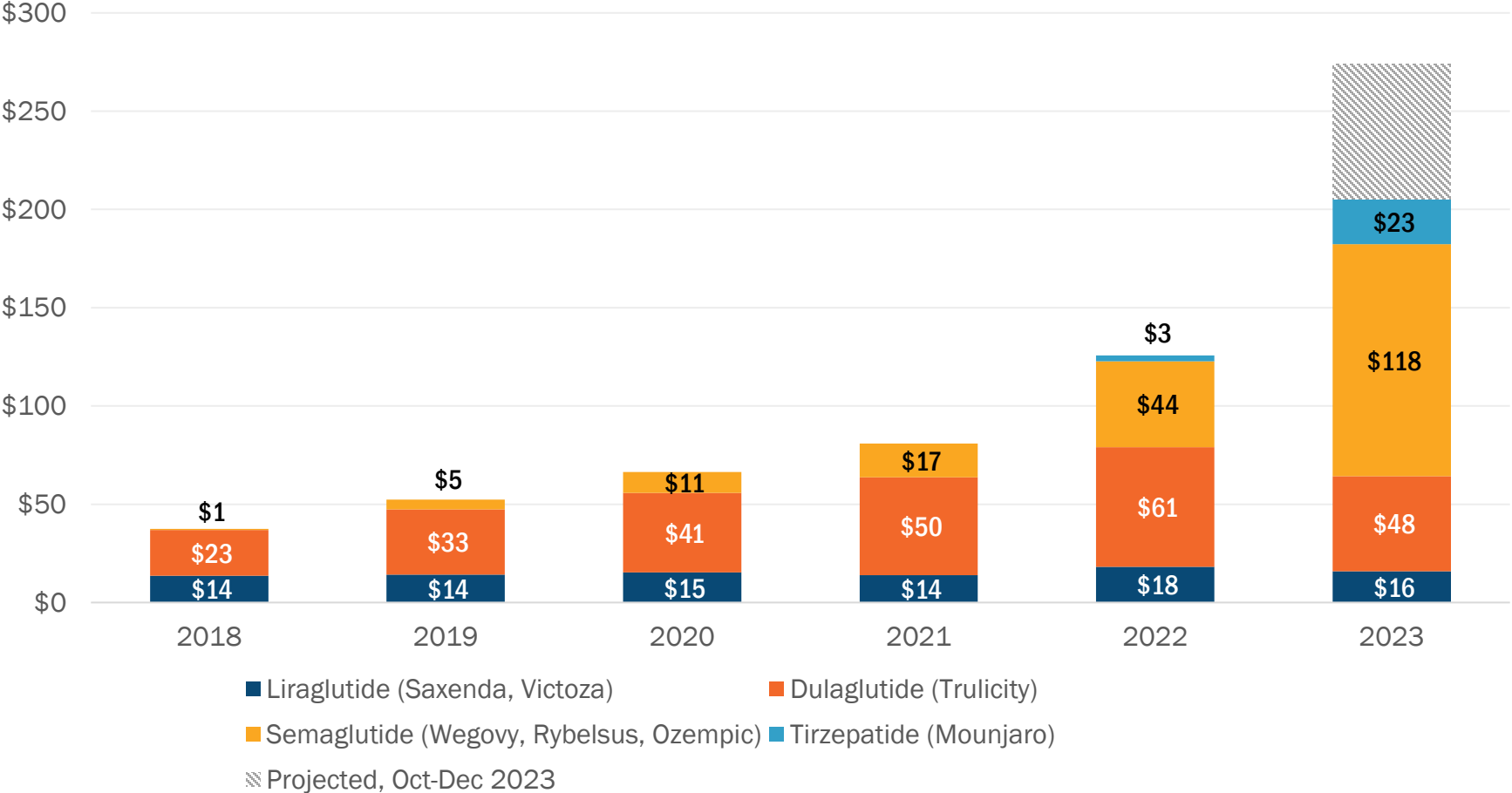
Notes: Excludes prescriptions for commercial members covered by Blue Cross Blue Shield of Massachusetts. Includes prescriptions among commercially-insured members between 18 and 64 years of age and with 12 months of medical and pharmacy coverage that year (9 months in 2023). Most GLP-1 prescriptions in 2022 were for one-month fills, ranging from 66% of Victoza prescriptions to 90% of Wegovy prescriptions.

Sources: HPC analysis of Massachusetts Enhanced All-Payer Claims Database (2018 to 2023).

In 2023, total commercial spending (gross) on GLP-1 drugs in Massachusetts is projected to surpass \$270 million, more than doubling the spending in 2022.



Commercial spending (in millions) on selected GLP-1 drugs by brand name and year, 2018 to 2023



- Total gross commercial spending on GLP-1 drugs was nearly \$125 million in 2022.
- In 2022, spending on GLP-1 drugs among commercially-insured members accounted for 5% of pharmacy spending among commercially-insured members overall.

Notes: Spending is extrapolated from the MA E-APCD sample to the entire Massachusetts commercial market. Includes prescriptions among commercially-insured members between 18 and 64 years of age and with 12 months of medical and pharmacy coverage that year (9 months in 2023).
Sources: HPC analysis of Massachusetts Enhanced All-Payer Claims Database (2018 to 2023).

Call to Order

Recent HPC Research and Program Highlights

- Research on Blockbuster Weight-Loss Drugs

➤ RESEARCH ON SERIOUS MATERNAL MORBIDITY AND NEW HPC INVESTMENT PROGRAM

- New Behavioral Health Workforce Center
- Policy Brief on Private Equity in Health Care

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Massachusetts performed highly on 11 out of 12 indicators for reproductive care and women's health but ranked 45th for severe maternal morbidity.



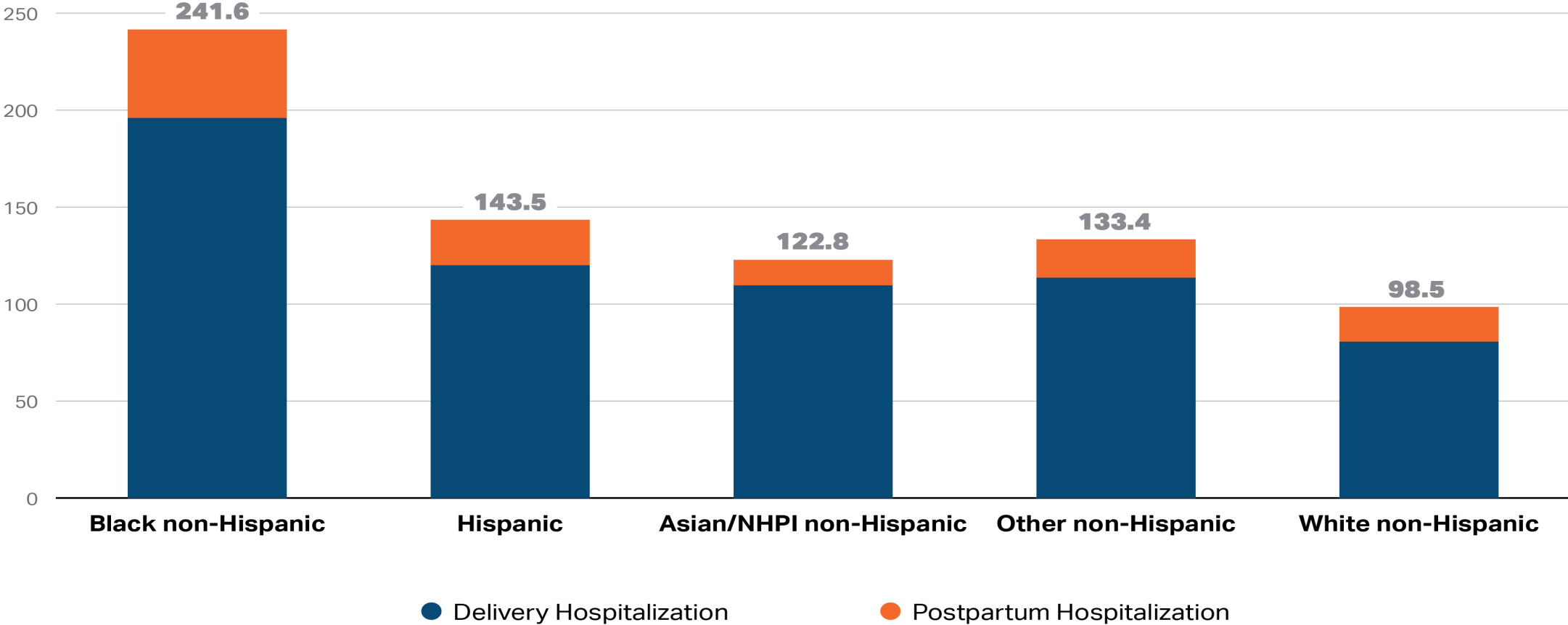
Massachusetts Reproductive Care and Women's Health Performance Commonwealth Scorecard, 2023

	INDICATOR	MASSACHUSETTS	MA RANK	U.S. COMPARISON	COMPARISON
1	Maternal mortality	14.7	4	25.6	▲
2	Severe maternal morbidity	105.5	45	88.2	■
3	Infant mortality	3.9	2	5.4	▲
4	Preterm birth rate	9%	5	11%	▲
5	Breast and cervical cancer deaths	16.3	1	21.7	▲
6	All-cause mortality rate per 100,000 women ages 15-44	81.8	2	124.2	▲
7	Self-pay in-hospital births	0.4%	2	2.7%	▲
8	Women ages 18-44 without a usual source care	13%	5	21%	▲
9	Women ages 18-44 without a routine checkup	9%	4	13%	▲
10	No early prenatal care	15%	5	22%	▲
11	Women without a postpartum checkup after birth	10%	9	11%	▲
12	Women with up-to-date breast and cervical cancer screenings	78%	5	74%	▲

Black non-Hispanic birthing people had a rate of SMM 2.5 times higher than their White non-Hispanic counterparts and also had the highest rate of postpartum hospitalizations for SMM.



SMM per 10,000 deliveries including postpartum hospitalizations for SMM by race/ethnicity, 2019-2022



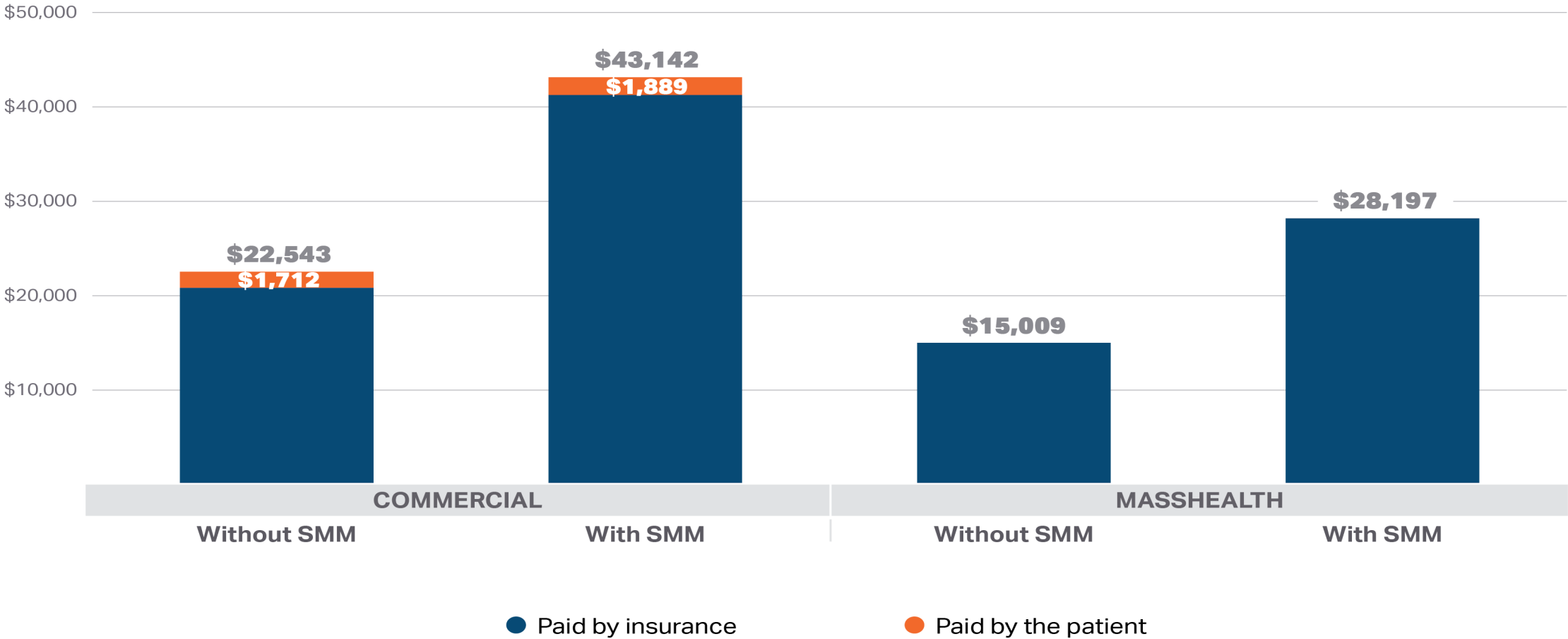
Note: Postpartum hospitalizations are defined as readmissions that occurred within 42 days after discharge and are counted in the year the initial delivery hospitalization occurred. "Other" includes American Indian/Alaska Native and other non-Hispanic race categories.

Source: HPC analysis of Center for Health Information and Analysis Inpatient Discharge Database, CY2019-2022

Maternity episodes with SMM were almost twice as costly on average than episodes without SMM among both commercially and publicly insured patients.



Average total spending and cost sharing for a maternity episode with and without SMM during delivery or postpartum, Commercial payers (2019-2022) and MassHealth (2019-2021)

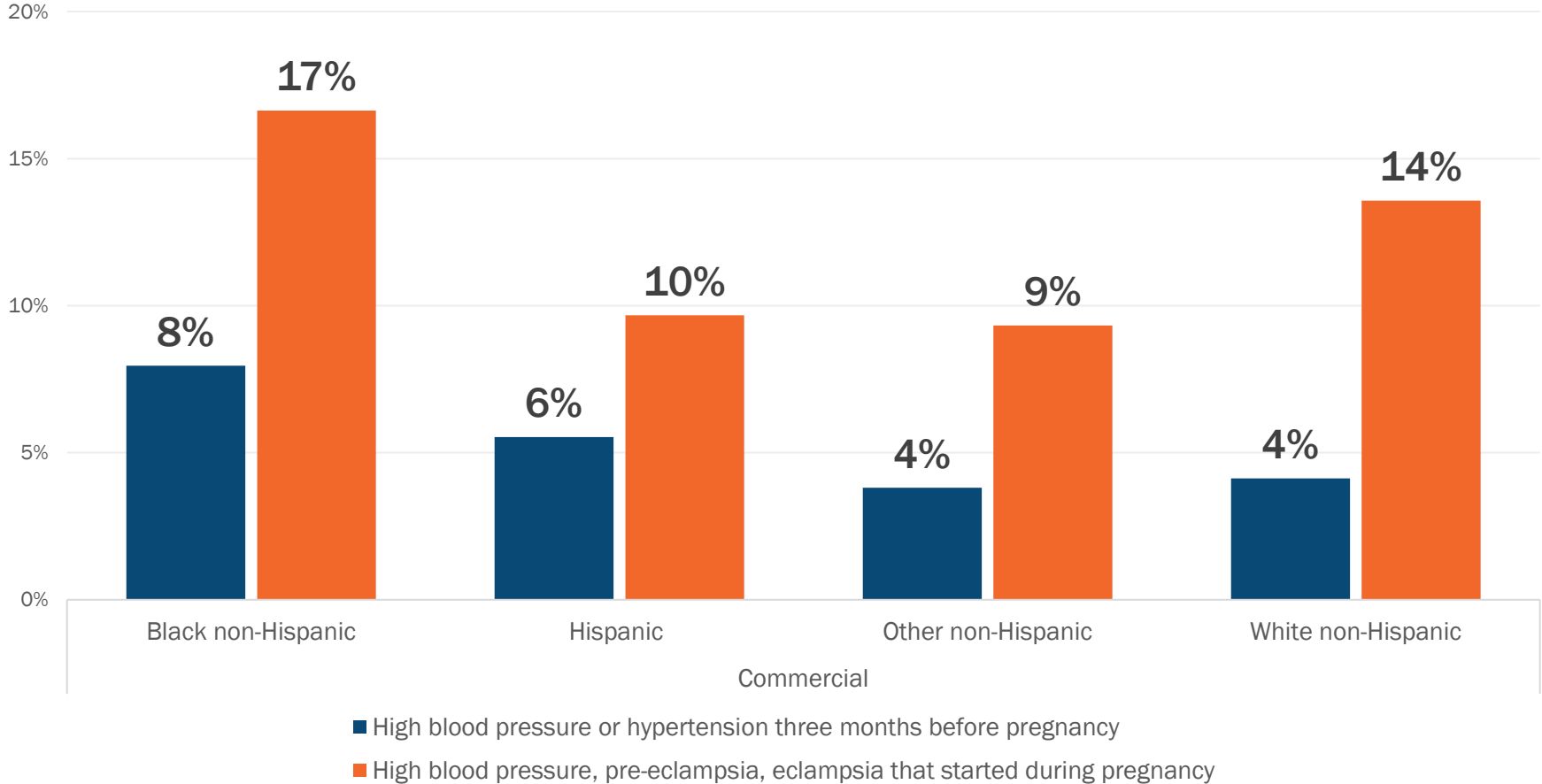


Source: HPC analysis of Center for Health Information and Analysis Massachusetts All-Payer Claims Database, V2022, 2019-2022

Black non-Hispanic birthing people had the highest prevalence of hypertension before pregnancy and the highest prevalence of hypertension, pre-eclampsia, and eclampsia during pregnancy.



Prevalence of hypertensive disorders acquired before and during pregnancy among the commercially insured birthing population, by race/ethnicity, Massachusetts PRAMS, 2017-2021



- Across the Commonwealth, 13% of birthing people reported high blood pressure or hypertensive disorders during pregnancy, compared to 5% reporting already having a diagnosis before pregnancy.
- The HPC is making an investment in remote blood pressure monitoring, consistent with HPC priorities to advance health equity and contain health care costs.

Notes: Other non-Hispanic includes Asian, American Indian/Alaska Native/Native Hawaiian, mixed race, and all other non-Hispanic race categories. Source: HPC analysis of Massachusetts Department of Public Health "Massachusetts PRAMS." 2017-2021

New HPC Investment Program: HEART-BP



Hypertensive disorders
Equitably
Addressed with
Remote
Technology for
Birthing
People

- The HPC issued a Request for Proposals for the **Hypertensive disorders Equitably Addressed with Remote Technology for Birthing People (HEART-BP)** program.
- **\$1.5 million investment program** aimed at supporting hospitals in implementing high quality, patient-centered remote monitoring for patients with hypertensive disorders of pregnancy.
- Funds awards of up to **\$300K each for up to 5 hospital awardees.**
- Applications were due on **September 6, 2024.**
- HPC is currently reviewing applications and plans to announce awardees in the upcoming weeks.

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NEW BEHAVIORAL HEALTH WORKFORCE CENTER

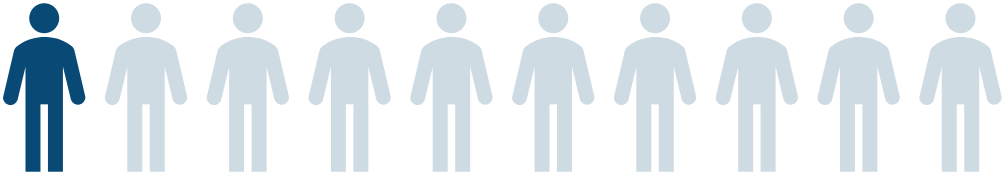
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Massachusetts is experiencing an increasing demand and a declining accessibility of behavioral health care.



1 in 10

MA residents (628,575) reported an unmet need for behavioral health care in 2023.¹



18%

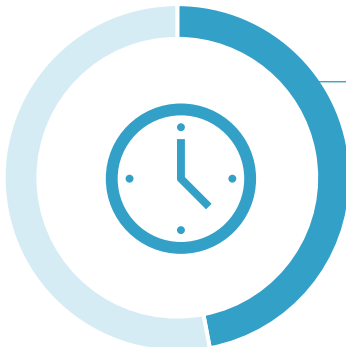
of MA households with children reported at least one child needing mental health treatment.

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%

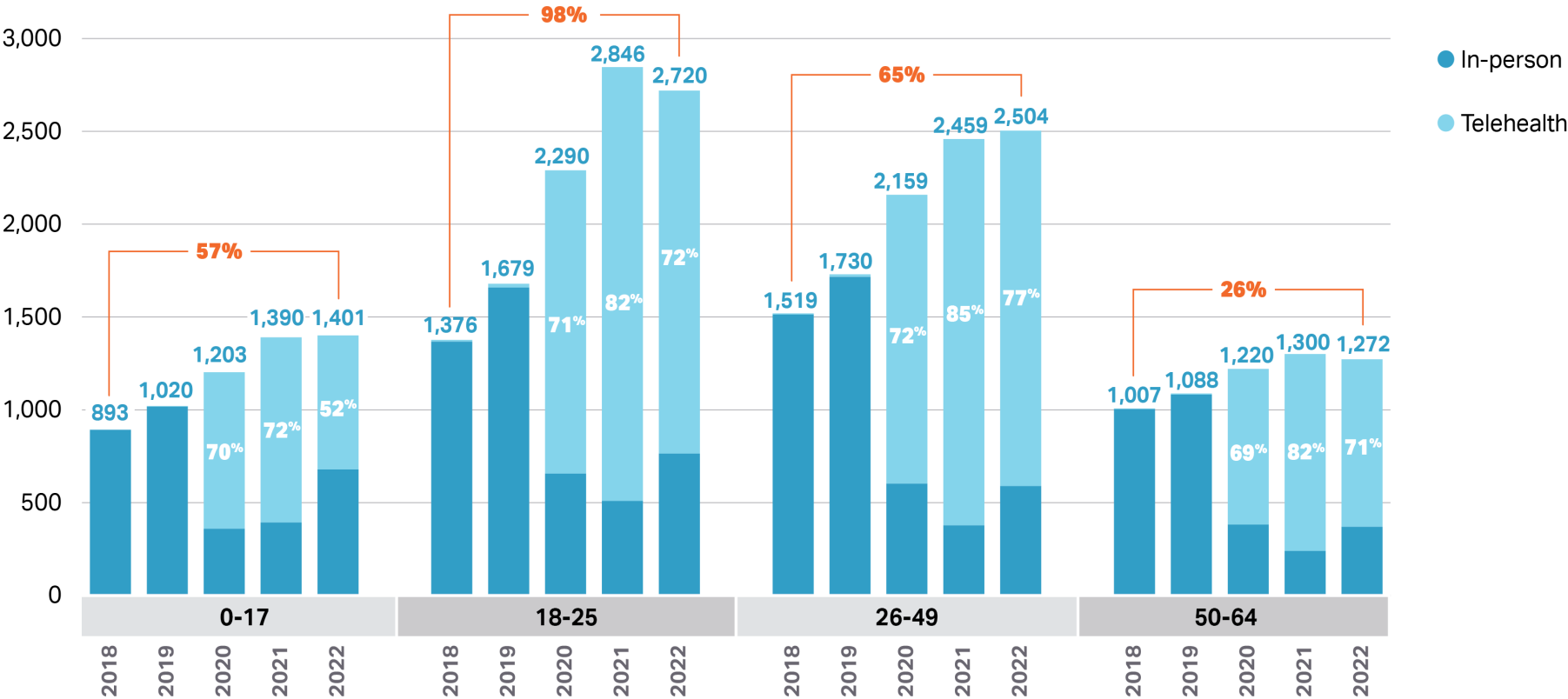
of mental health related ED visits results in a boarding stay of at least 12 hours in 2023, a 13-percentage point increase since 2019.

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)

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. See technical appendix for additional details.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2022, 2018-2022.

- 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

Next Steps



- Updates on the BHCW's work and job postings for dedicated roles to support the new center will be available on the HPC's website (www.masshpc.gov).
- 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

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➤ POLICY BRIEF ON PRIVATE EQUITY IN HEALTH CARE

Steward Health Care Market Transactions

Discussion: 2024 Health Care Cost Trends Report Policy Recommendations

Adjourn

POLICY BRIEF: *Private Equity Investments in Massachusetts Health Care and State Policy Opportunities*

➤ This policy brief, developed as a synthesis of recent HPC research and presentations to the HPC Board of Commissioners on the role of private equity in health care and state policy opportunities:

- Describes the unique **financial strategies** used by private equity firms
- Reviews literature of private equity's **impact on health care outcomes**
- Presents a novel analysis of **health care provider mergers and acquisitions** in Massachusetts from 2013 to 2023 (199 transactions)
- Summarizes **potential policy approaches to enhance transparency and oversight** to minimize the potential harms of private equity involvement in health care



➤ The HPC found that private equity investments in Massachusetts are especially active in **behavioral health, home health and hospice, dentistry, and physical therapy**. These sectors share a common characteristic of being relatively fragmented and may present attractive targets for consolidation.

Private equity firm investments in health care have grown significantly in the U.S.



- Features that distinguish PE deals from other forms of health care investments:
 - PE firms **expect rapid and high return on investments** and have few incentives to consider the long-term impact of their actions
 - PE firms employ a variety of unique strategies that can be anticompetitive and destabilizing to the health care market, including **leveraged buyouts, sale-leaseback of real estate, debt-funded dividends, and roll-ups**¹
 - In a leveraged buyout, the PE firm uses a small portion of equity from its fund and a large portion of debt to finance the acquisition, using the company it is buying as collateral.
 - PE firms benefit from **certain tax privileges and operate under the regulatory radar**²
 - PE investors are “lay investors” who are not bound by institutional norms and ethical obligations expected in the health care profession³
- PE investments in health care have increased substantially in recent years: **annual deal values have been estimated to grow from \$41.5 billion in 2010 to \$119.9 in 2019, totaling roughly \$750 billion in the last decade**⁴

1. Private Equity Stakeholder Project. PESP Private Equity Hospital Tracker. Available at: <https://pestakeholder.org/private-equity-hospital-tracker/>

2. Cai C, Song Z. A Policy framework for the growing Influence of private equity in health care delivery. JAMA. 2023 May 9;329(18):1545-6.

3. Fuse Brown EC, Hall MA. Private equity and the corporatization of health care. Stanford Law Review. 2024 Feb 28;76.

4. Scheffler R, Alexander L, Godwin J. Soaring private equity investment in the healthcare sector. Nicholas C. Petis Center on Health Care Markets and Consumer Welfare at UC Berkeley. May 18, 2021. Available at: <https://publichealth.berkeley.edu/wp-content/uploads/2021/05/Private-Equity-I-Healthcare-Report-FINAL.pdf>

Emerging research on private equity helps provide further context for understanding the impact of such investments in health care.



➤ Utilization and Spending

- Researchers have examined PE investments in nursing homes, ambulatory surgical centers, hospitals, and physician practices, and most finding that **PE investments are associated with increased utilization and higher prices.**¹

➤ Care Quality

- Research on care quality finds inconsistent results; however, there is more evidence of harm than improvements to care quality¹
 - Gupta et al. found that **going to a PE-owned nursing home increased an individual's short-term mortality by 11%.**²
 - Research using Medicare data suggested that **PE acquisition of hospitals was associated with 25.4% increase in hospital acquired conditions**, driven by falls and central line-associated bloodstream infections.³

➤ Access and Market Impact

- Examining 807 PE exits from dermatology, ophthalmology, and gastroenterology practices from 2016 to 2020, Singh et al. found that **over half (51.6%) underwent an exit within 3 years of initial investment. In nearly all instances (97.8%), PE firms exited their investments through secondary buyouts**, where the practices were sold to other PE firms with larger investment funds.⁴
- An analysis tracking bankruptcies of health care companies found that **17 of 80 (21%) health care companies that filed for bankruptcies in 2023 were PE-owned.**⁵

1. Borsa A, et al. Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review. *BMJ*. 2023 Jul 19;382.

2. Gupta A, et al. Owner incentives and performance in healthcare: Private equity investment in nursing homes. National Bureau of Economic Research working paper 28474. Feb 2021. Available at: <https://www.nber.org/papers/w28474>

3. Kannan S, Bruch JD, Song Z. Changes in hospital adverse events and patient outcomes associated with private equity acquisition. *JAMA*. 2023 Dec 26;330(24):2365-75.

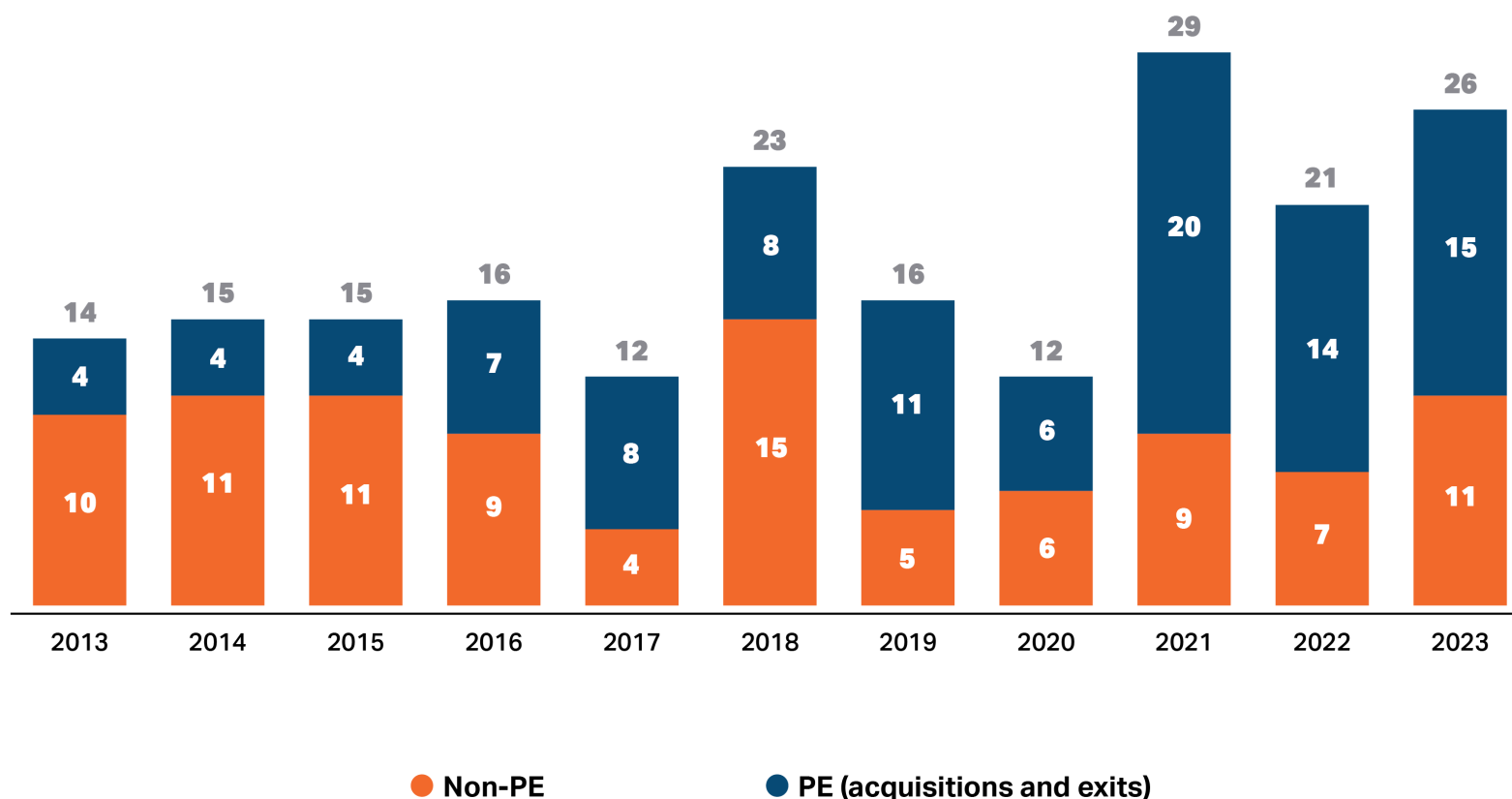
4. Singh Y, Reddy M, Zhu JM. Life cycle of private equity investments in physician practices: an overview of private equity exits. *Health Affairs Scholar*. 2024 Apr;2(4):qxae047.

5. Private Equity Stakeholder Project. Private equity healthcare bankruptcies are on the rise. Available at: <https://pestakeholder.org/private-equity-healthcare-bankruptcies-are-on-the-rise/>

Investments in Massachusetts health care by private equity have increased in recent years.



Number of health care provider transactions by year in Massachusetts, 2013-2023



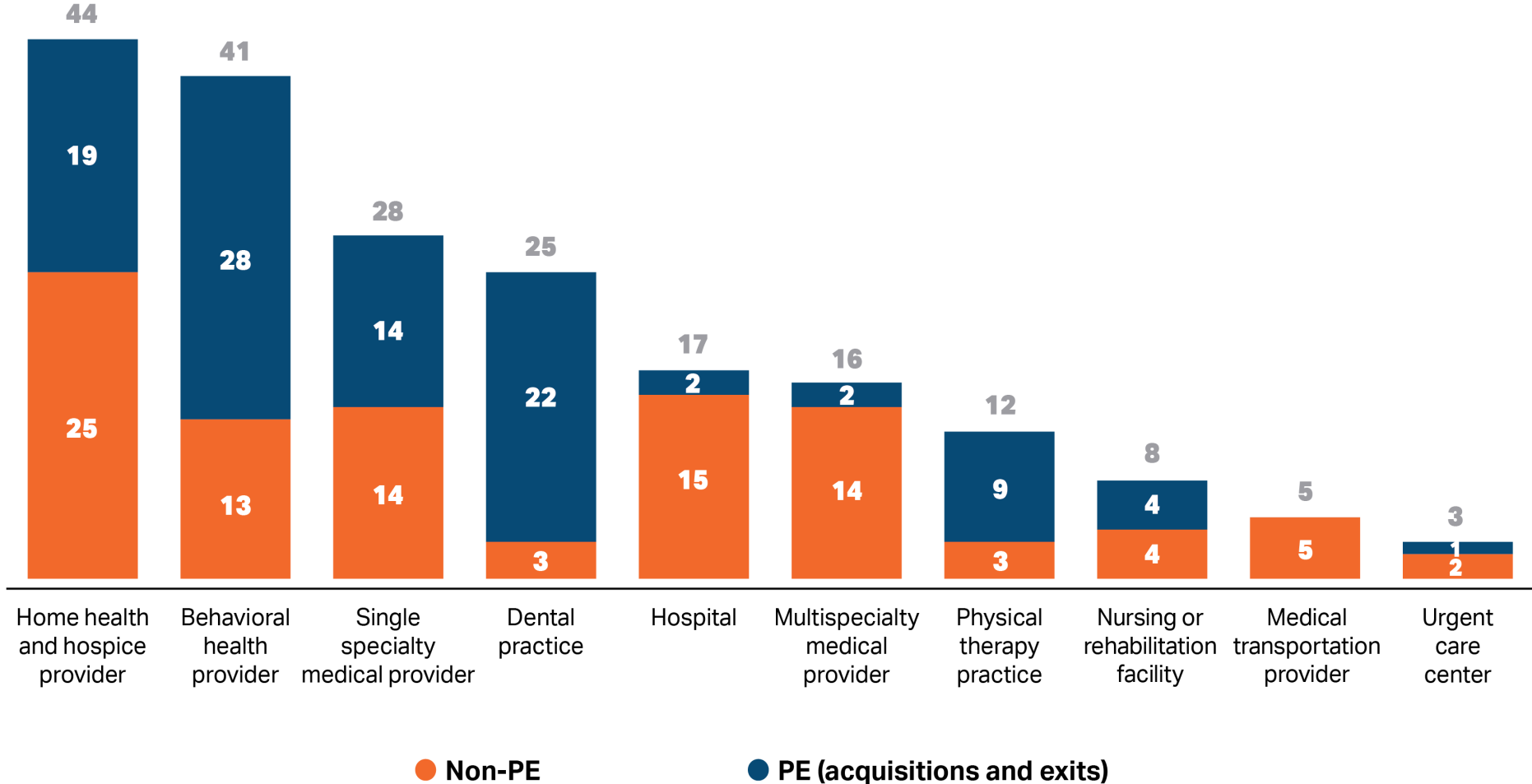
- Of the 199 health care providers transactions in the HPC’s analysis; **101 (51%)** involved PE firms.
- Of these, **85** were PE acquisitions, **4** were PE exits; **12** were acquisitions *and* exits (i.e., PE firm selling to another PE firm).

Sources: HPC analysis of [FactSet](#) financial data and analytics; HPC Material Change Notice [filings](#); LevinPro HC, Levin Associates, January 2024, [levinassociates.com](#); and other publicly available information.

Private equity investments in Massachusetts have been particularly active among behavioral health, dental, home health providers, and certain specialty providers.



Number of provider transactions by health care sector in Massachusetts, 2013-2023



Sources: HPC analysis of [FactSet](#) financial data and analytics; HPC Material Change Notice [filings](#); LevinPro HC, Levin Associates, May 2024, [levinassociates.com](#); and other publicly available information.

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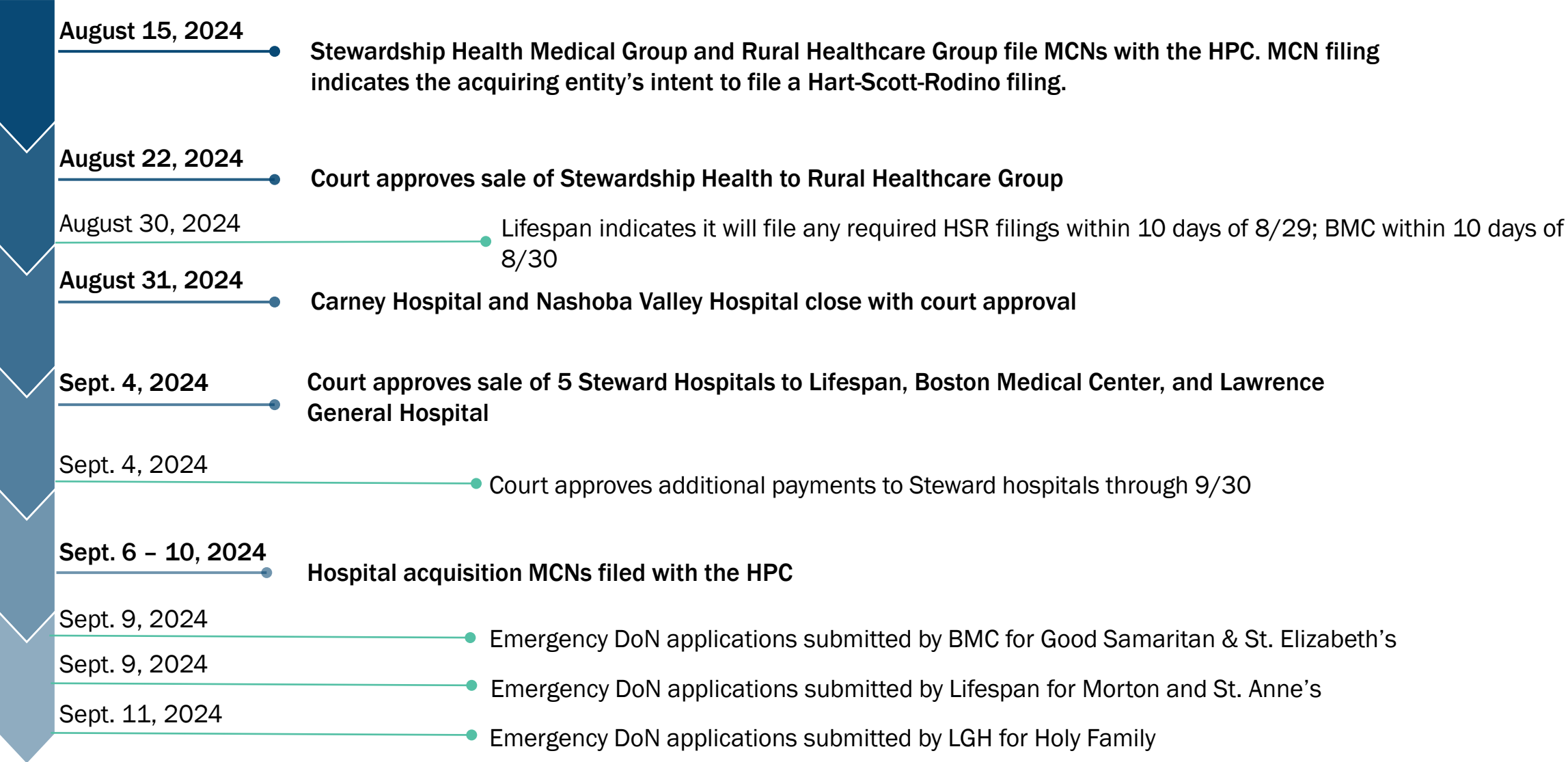


STEWARD HEALTH CARE MARKET TRANSACTIONS

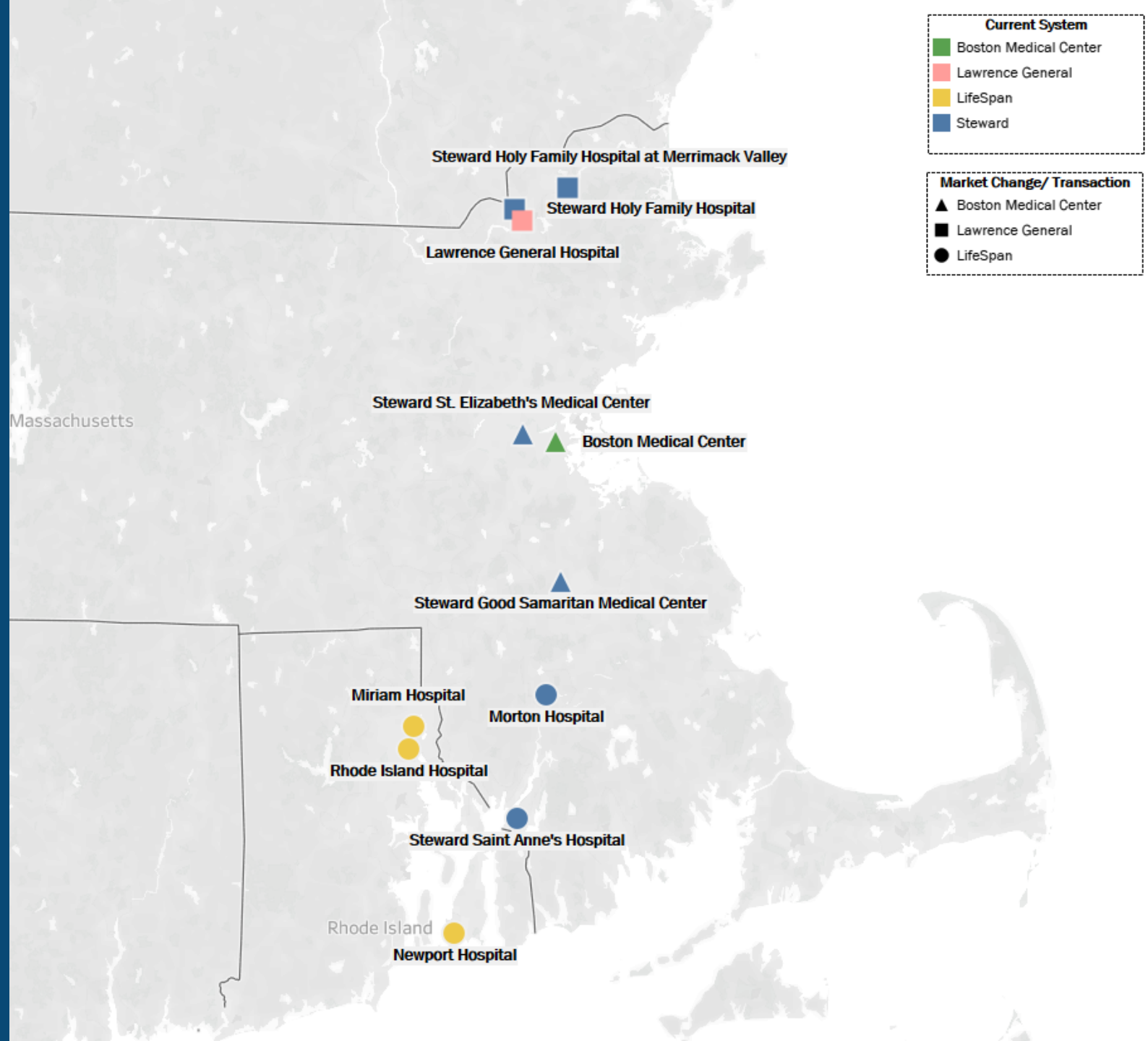
Discussion: 2024 Health Care Cost Trends Report Policy Recommendations

Adjourn

Steward Events Since July 18, 2024



Steward and Acquiring Entity Locations



Current Steward Health Care Related Transactions Under HPC Review



- 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**, a multi-hospital system in Rhode Island.
- 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.
- The proposed acquisition of **Steward St. Elizabeth's Medical Center**, an acute care teaching hospital in Boston, by **BMC Health System**.
- The proposed acquisition of **Steward Good Samaritan Medical Center**, an acute care community hospital in Brockton, by **BMC Health System**.
- The proposed employment of certain Steward **office and hospital-based physicians** following BMC's proposed acquisitions of St. Elizabeth's and Good Samaritan.
- 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**.

Agenda



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Recent HPC Research and Program Highlights

Steward Health Care Market Transactions



**DISCUSSION: 2024 HEALTH CARE COST TRENDS REPORT POLICY
RECOMMENDATIONS**

Adjourn

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.

- 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 could advance a 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.



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



BOARD

October 10

December 12



massHPC.gov

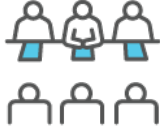


COMMITTEE

Next meeting in 2025



HPC-info@mass.gov



ADVISORY COUNCIL

December 5



[@Mass_HPC](https://twitter.com/Mass_HPC)



SPECIAL EVENTS

November 14

Cost Trends Hearing



tinyurl.com/hpc-linkedin

Agenda



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ADJOURN