



# HPC Board Meeting

December 12, 2024





## **CALL TO ORDER**

**Approval of Minutes (VOTE)**

**Executive Session (VOTE)**

**Guest Presentation from the Office of the Attorney General: Findings from the AGO Cost Trends Report – Assistant Attorney General Lisa Gaulin and Assistant Attorney General Chloe Cable**

**HPC Evaluation of Mass General Brigham’s Performance Improvement Plan**

**Mass General Brigham’s Performance Improvement Plan (VOTE)**

**Research Presentation: Behavioral Health Emergency Department Boarding in Massachusetts**

**Executive Director’s Report**

**Adjourn**

# Agenda



Call to Order



## **APPROVAL OF MINUTES (VOTE)**

Executive Session (**VOTE**)

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Executive Director’s Report

Adjourn

# VOTE

## Approval of Minutes from the October 10, 2024 Board Meeting

### MOTION

That the Commission hereby approves the minutes of the Commission meeting held on **October 10, 2024**, as presented.

Call to Order

Approval of Minutes (**VOTE**)



**EXECUTIVE SESSION (VOTE)**

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Adjourn

# VOTE

## Enter Executive Session



### MOTION

That having first convened in open session at its December 12, 2024 board meeting and pursuant to M.G.L. c. 30A, § 21(a)(7), the Commission hereby approves going into executive session for the purpose of complying with c. 6D, § 2A, to discuss confidential information provided to the Commission by Mass General Brigham during the implementation and evaluation of its Performance Improvement Plan.

# Agenda



Call to Order

Approval of Minutes (**VOTE**)

Executive Session (**VOTE**)



**GUEST PRESENTATION FROM THE OFFICE OF THE ATTORNEY GENERAL:  
FINDINGS FROM THE AGO COST TRENDS REPORT – ASSISTANT ATTORNEY  
GENERAL LISA GAULIN AND ASSISTANT ATTORNEY GENERAL CHLOE CABLE**

HPC Evaluation of Mass General Brigham's Performance Improvement Plan

Mass General Brigham's Performance Improvement Plan (**VOTE**)

Research Presentation: Behavioral Health Emergency Department Boarding in Massachusetts

Executive Director's Report

Adjourn

# Office of the Attorney General Cost Trends Report 2024: Health Care Affordability



Lisa Gaulin, Assistant Attorney General  
Chloe Cable, Assistant Attorney General

December 12, 2024





# AGO Cost Trends Authority

- AGO authority to conduct examinations:
  - G.L. c. 12, § 11N: monitor trends in the health care market.
  - G.L. c. 12C, § 17: issue subpoenas for documents, interrogatory responses, and testimony under oath related to health care costs and cost trends.
- Findings and reports issued in conjunction with HPC Annual Cost Trends hearing since 2010.



# Cost Trends Examination 2024: Overview

With a focus on MA residents enrolled in commercial health plans, we examined health care affordability through multiple lenses:

(1) How much are MA households with commercial health insurance spending on health care expenses, including through OOP cost sharing and premium contribution, relative to their income?

➤ Methodology: CIDs to eleven MA commercial health plans; received cost share data and benefit design by zip code, as well as reporting on member premium contributions, among other data.



# Cost Trends Examination 2024: Overview

With a focus on MA residents enrolled in commercial health plans, we examined health care affordability through multiple lenses:

(2) To what extent are commercial health plan members incurring medical debt from hospital bills?

(3) To what extent are Massachusetts safety net and lower-cost hospitals burdened by bad debt?

➤ Methodology: CIDs to 12 hospitals across Massachusetts, seeking financial assistance policies and commercial patient debt arising from services rendered in 2022.



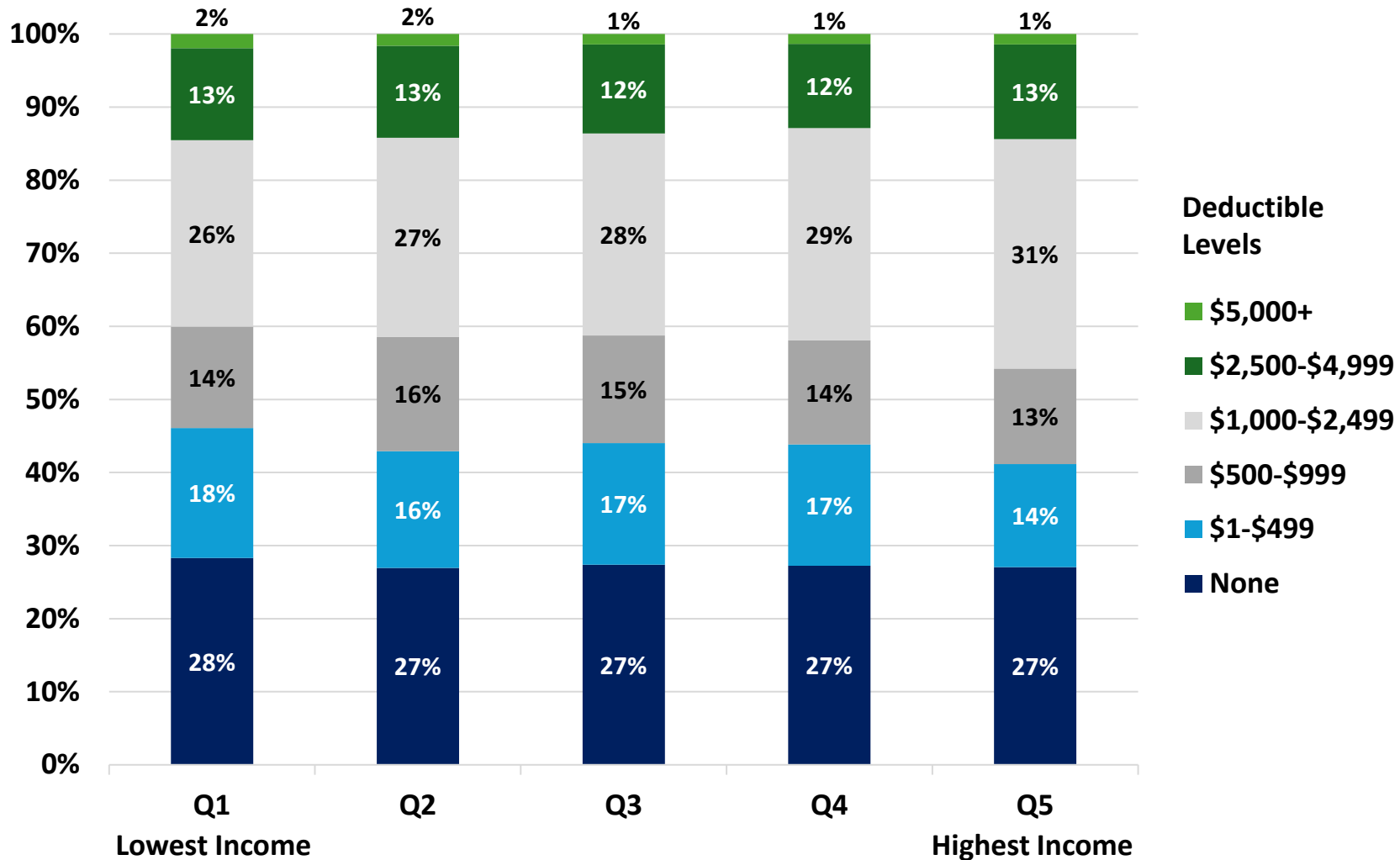
# Questions Considered: Household Expenditures for Health Care

At the household level, what was the total OOP exposure for cost share expenditures and premium contribution for MA commercial health plan members *relative to income* in 2022?

- **Are consumers in lower-income communities disproportionately enrolled in higher deductible health plans?**
- **To what extent do actual cost sharing expenditures and member premium contributions vary as a percentage of household income across income quintiles?**
- **How do affordability burdens for MA commercial health plan members differ across different regions of the state?**



# In 2022, Commercial Enrollment by Deductible Levels Was Evenly Distributed Across Income Quintiles





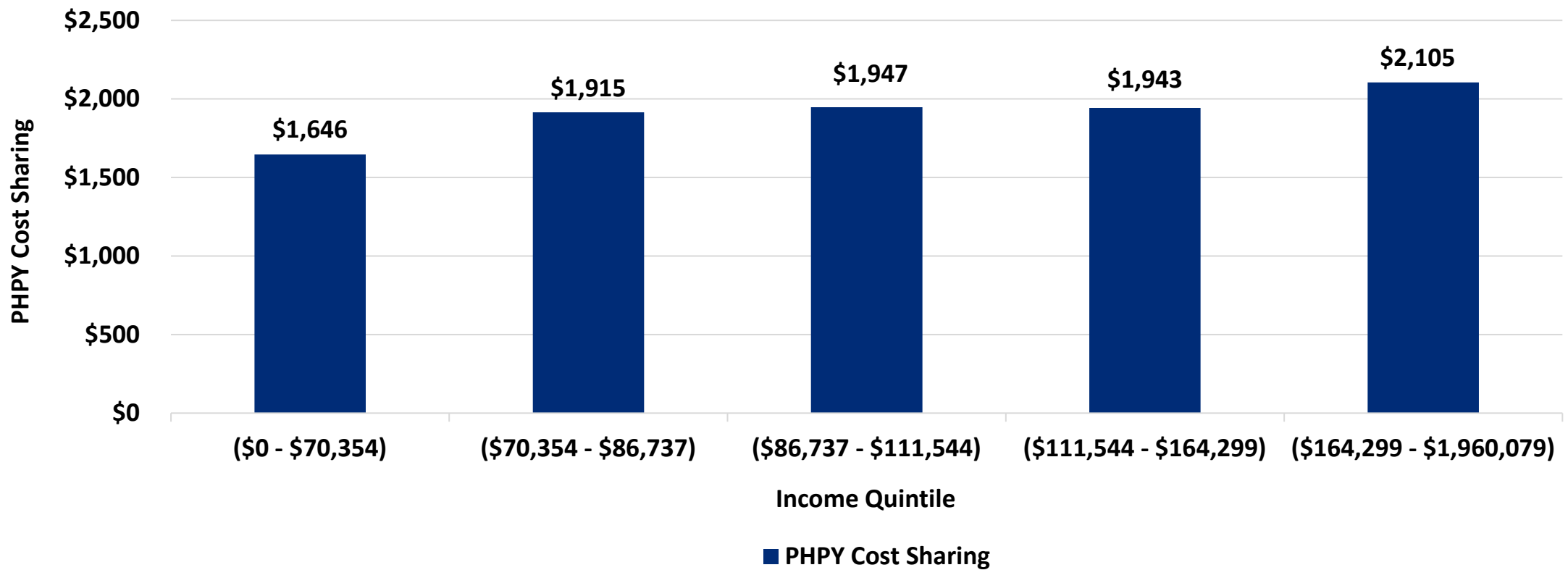
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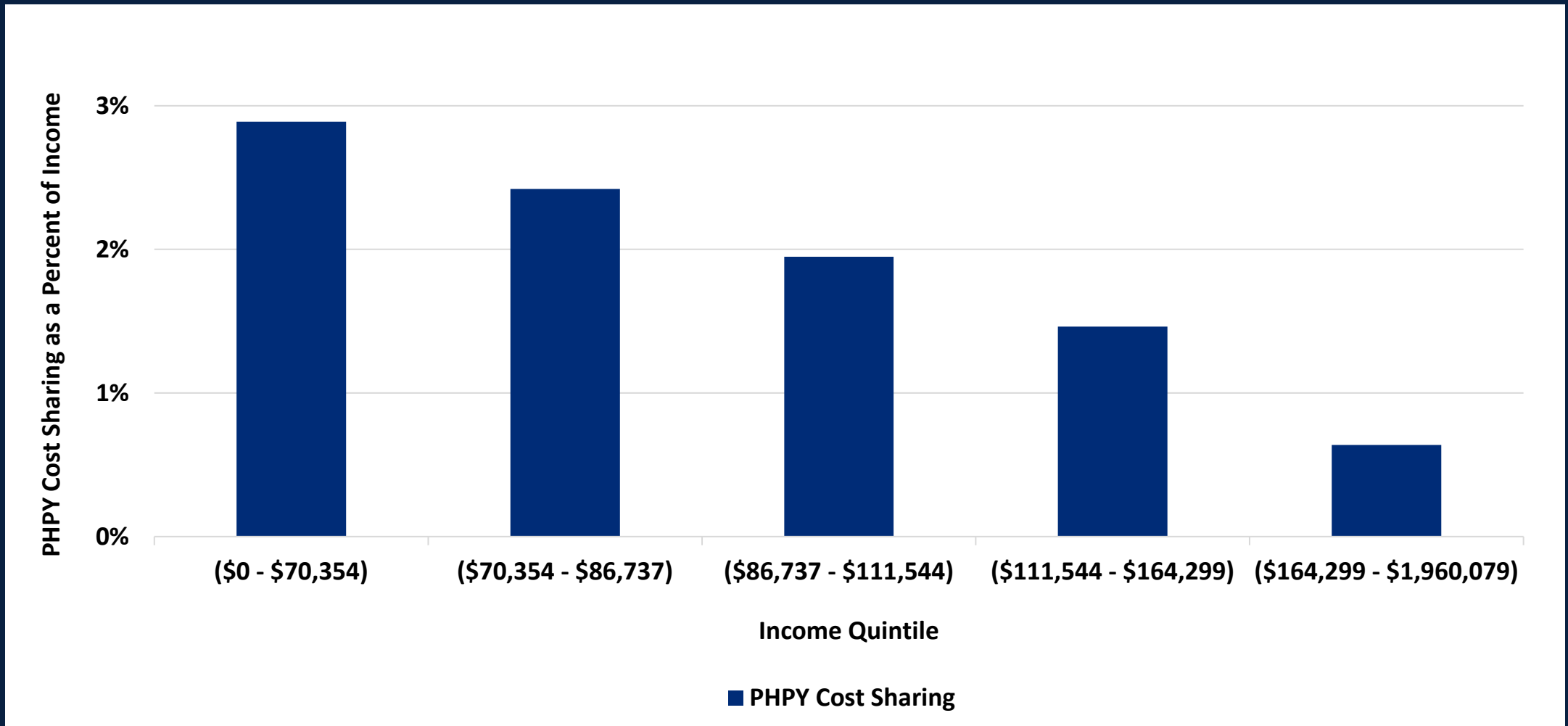


# In 2022, MA Households in Highest-Income Zip Codes, on Average, Incurred Approx. \$450 More in Cost Share Expenditures Than MA Households in Lowest-Income Zip Codes





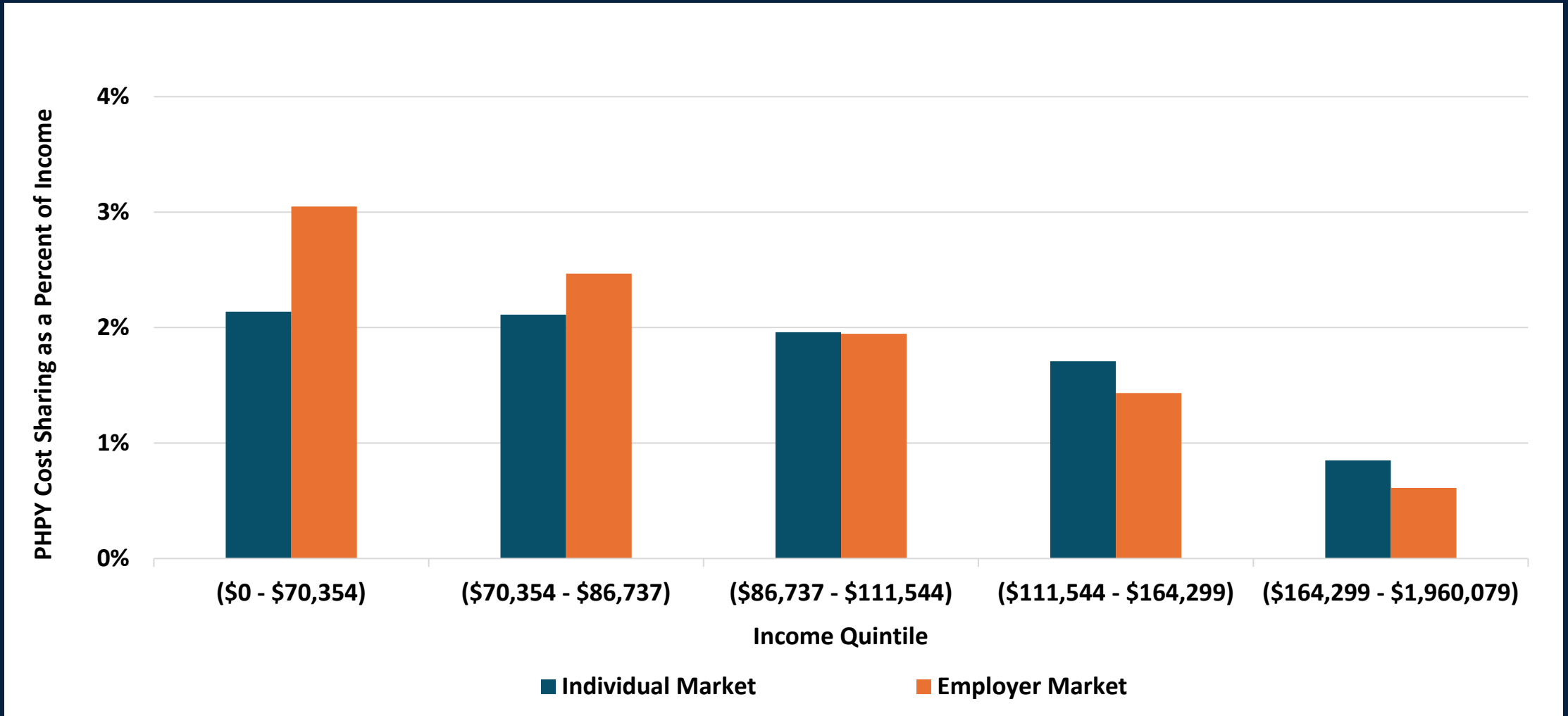
# In 2022, MA Households in Lowest-Income Zip Codes Spent the Highest Share of Income on Cost Sharing (2.9%), 4.5 Times More Than MA Households in Highest-Income Zip Codes (0.6%)





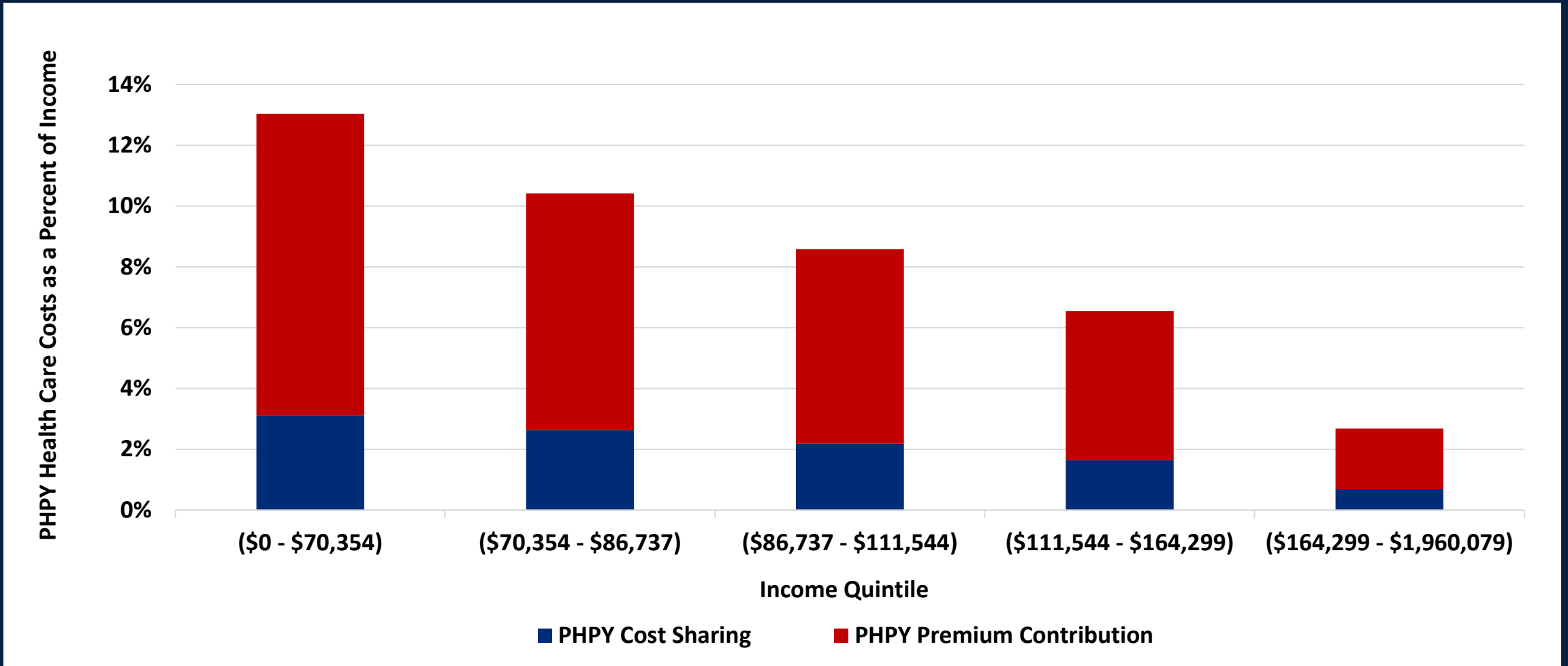


# In 2022, Households in Lowest-Income Zip Codes With Employer-Sponsored Plans Had a Higher Percentage of Income Spent on Cost Sharing (3.1%) Than Households in Lowest-Income Zip Codes Enrolled in the Individual Market (2.1%)





# MA Fully-Insured Households in Lowest-Income Quintile Spent, on Average, 13% of Income on Premium Contribution Plus Cost Sharing in 2022 — Nearly Five Times More Than Households in Highest-Income Quintile





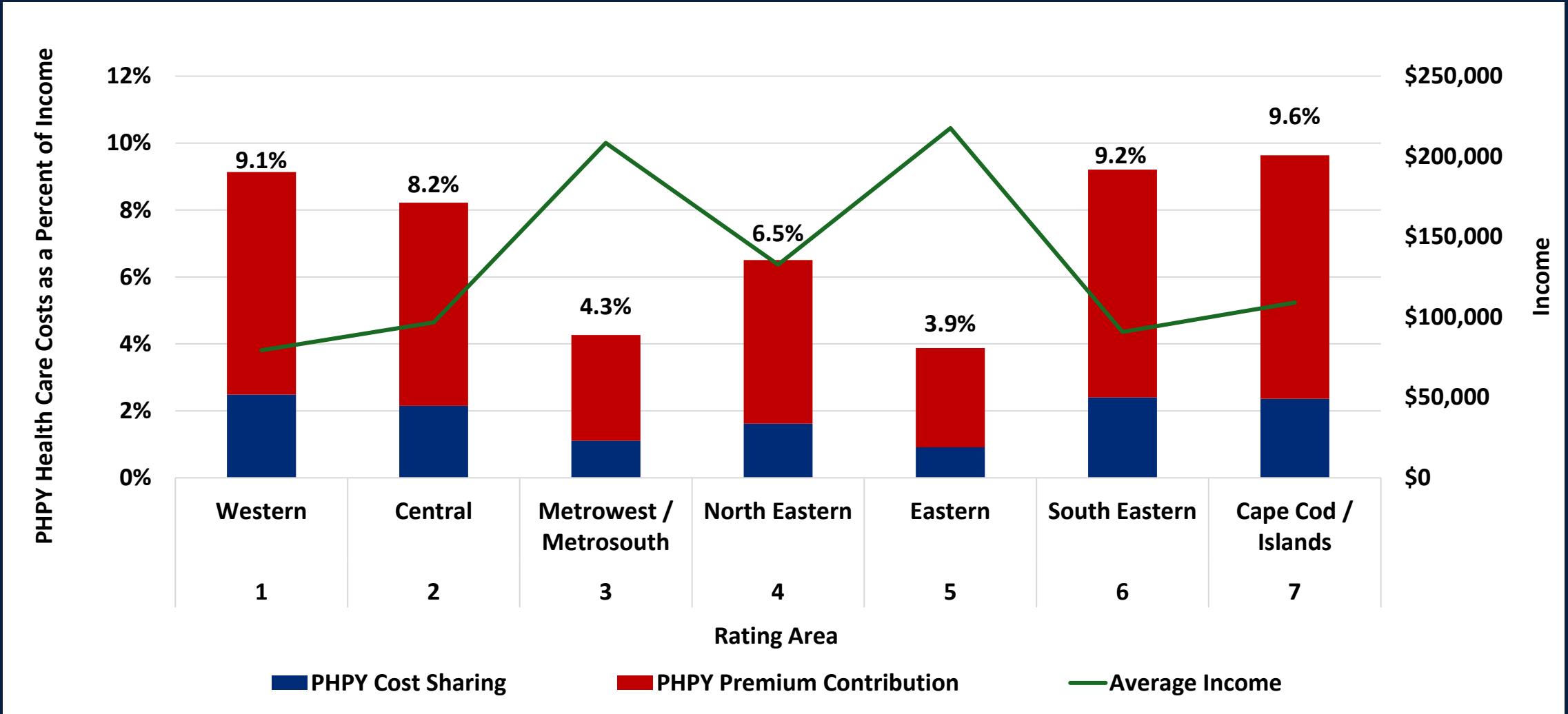
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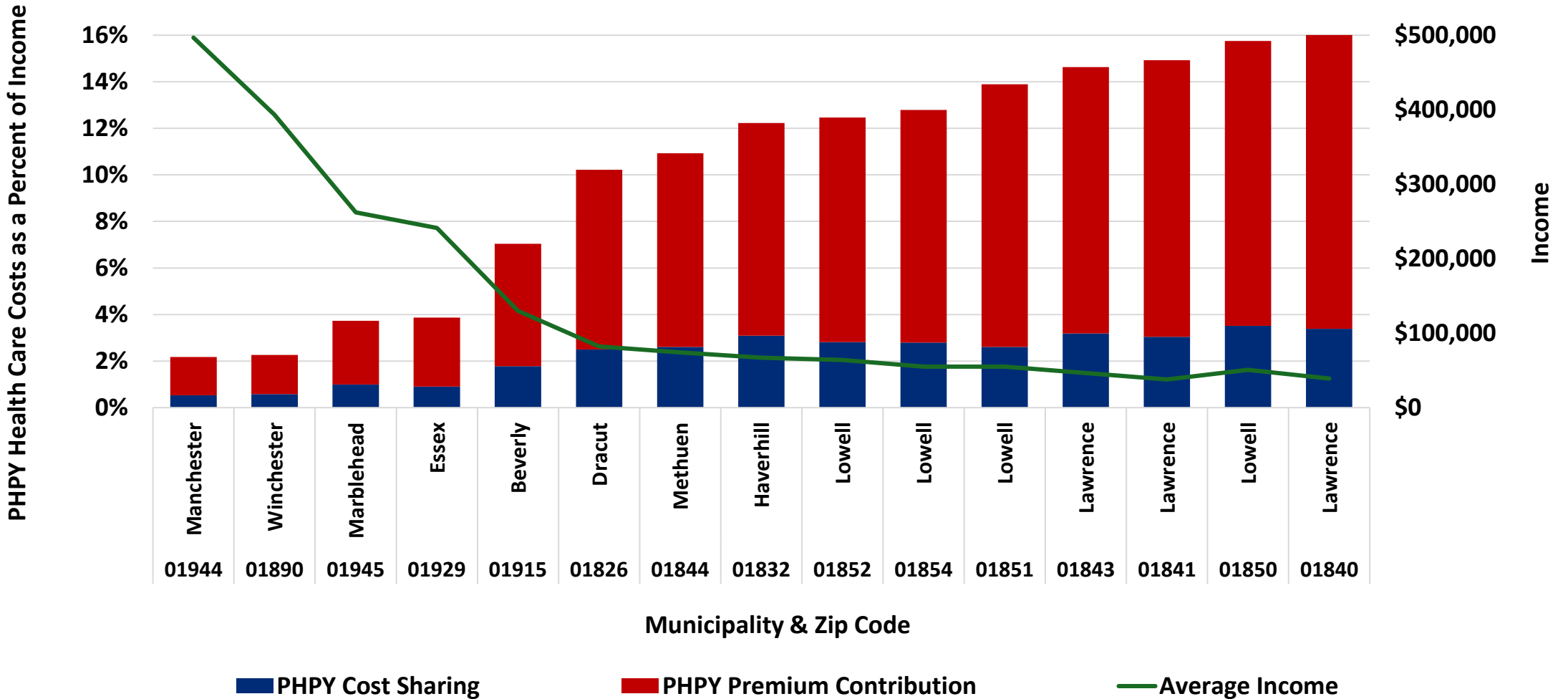


# In 2022, There Was Significant Regional Variation in Average Percentage of Income Spent on Cost Share Plus Premium Contributions for Fully-Insured Households





# Average Percentage of Income Spent on Premium Contribution Plus Cost Share for Fully-Insured Households in Sample Zip Codes From Rating Area 4 Reflects Significant Intra-Regional Variation





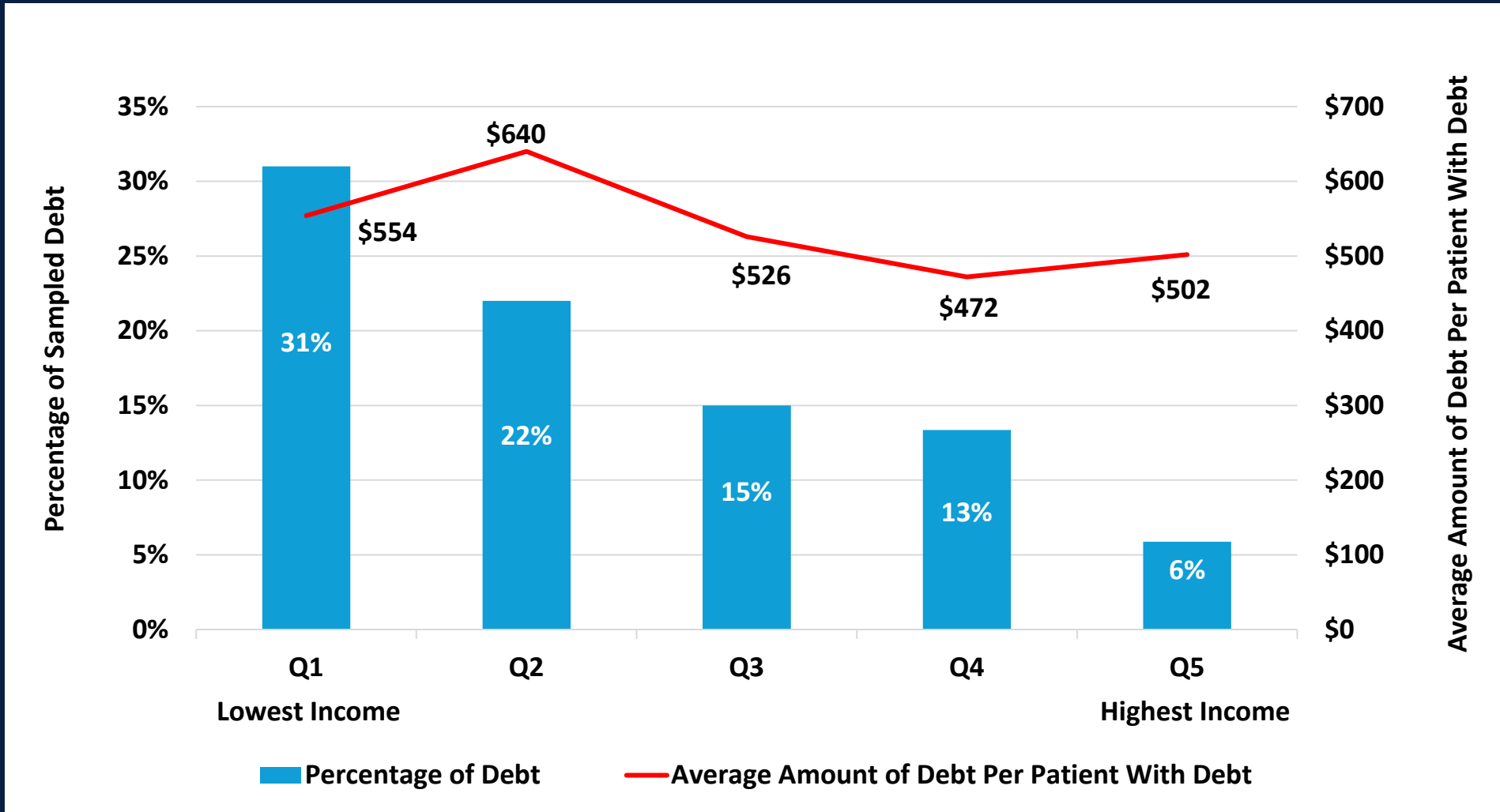
# Questions Considered: Medical Debt and Financial Assistance

(2) To what extent are commercial health plan members incurring medical debt from hospital bills?

- **What populations are most likely to incur medical debt?**
- **How do hospital Financial Assistance Policies support patients who cannot afford their medical bills?**



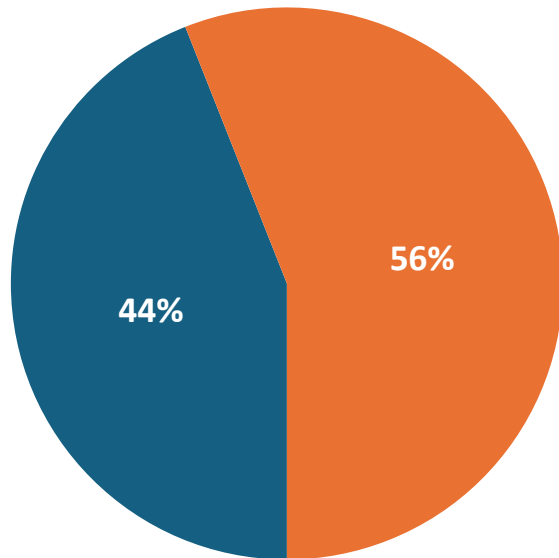
# In 2022, Patients in Lower-Income Zip Codes Accounted for Significantly More Debt Than Patients in Higher-Income Zip Codes at Sampled Hospitals



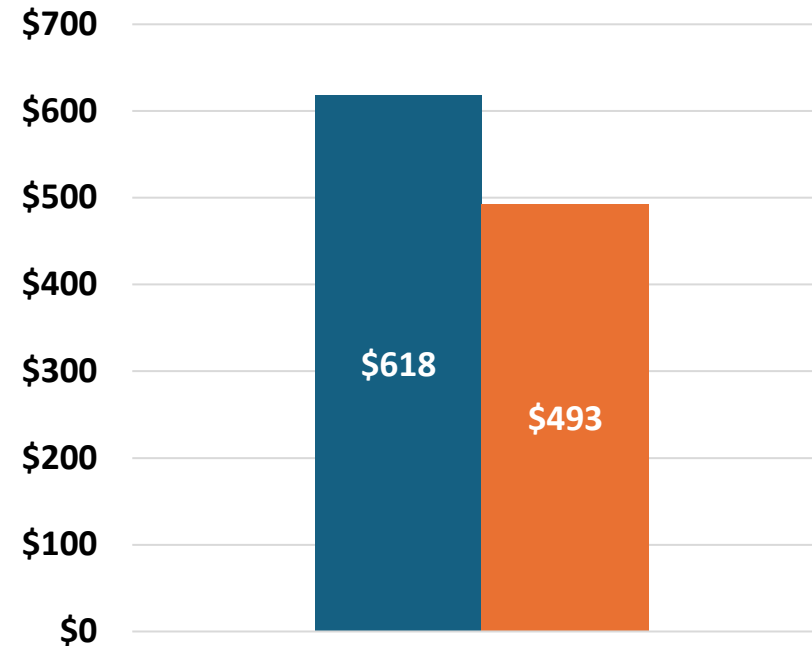


# In 2022, Female Patients Had More Debt, While Male Patients Had Higher Amounts of Debt on Average at Sampled Hospitals

Percentage of Debtors by Gender



■ Male ■ Female



Average Amount of Debt Per Patient With Debt





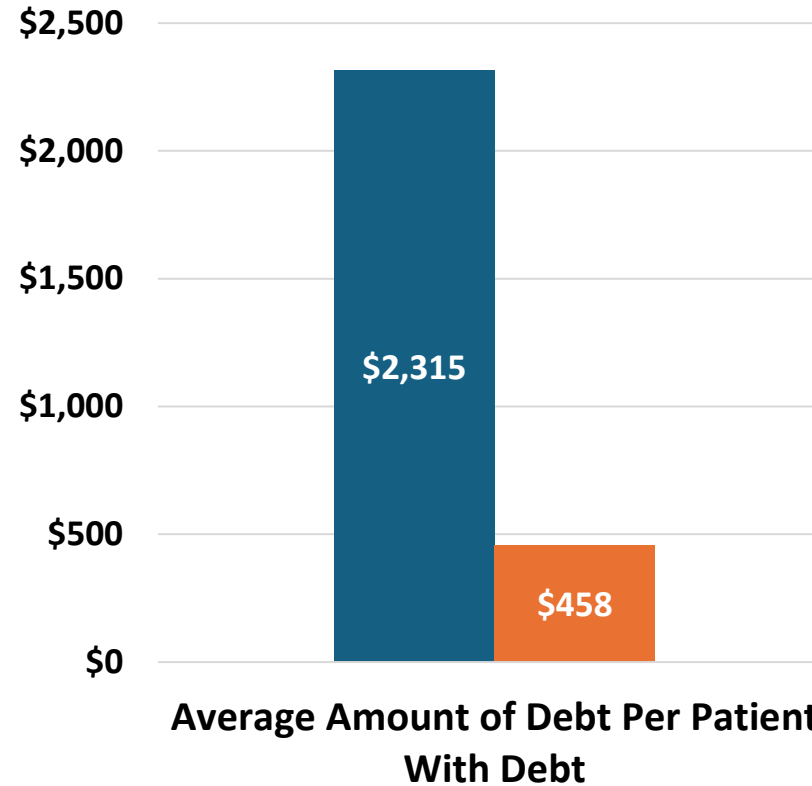
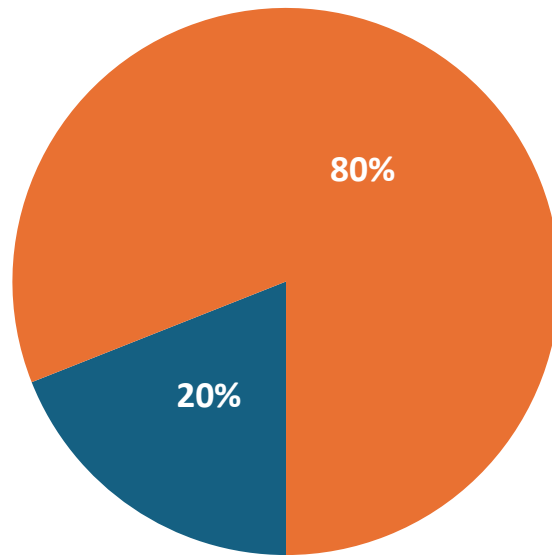
# Within the Hospitals Sampled, Black Patients Made Up a Higher Percentage Of Patients With Medical Debt Compared to Share of Statewide Population

- The proportion of patients from sampled hospitals with debt who identified as Black (12%) is higher than the proportion of Massachusetts residents who identified as Black in response to the 2020 Census (7%).
- In contrast, white patients made up a smaller proportion of patients with hospital debt (63%) compared to their share of the statewide population (68%). Asian patients also made up a smaller proportion of patients with hospital debt (3%) compared to the statewide population (7%).
- Due to data limitations, conclusions could not be reached regarding other racial categories.



# In 2022, Outpatient Services Generated More Debt, While Inpatient Services Generated Higher Amounts of Debt on Average at Sampled Hospitals

Percentage of Debt by Service Type



■ Inpatient ■ Outpatient



# Questions Considered: Medical Debt and Financial Assistance

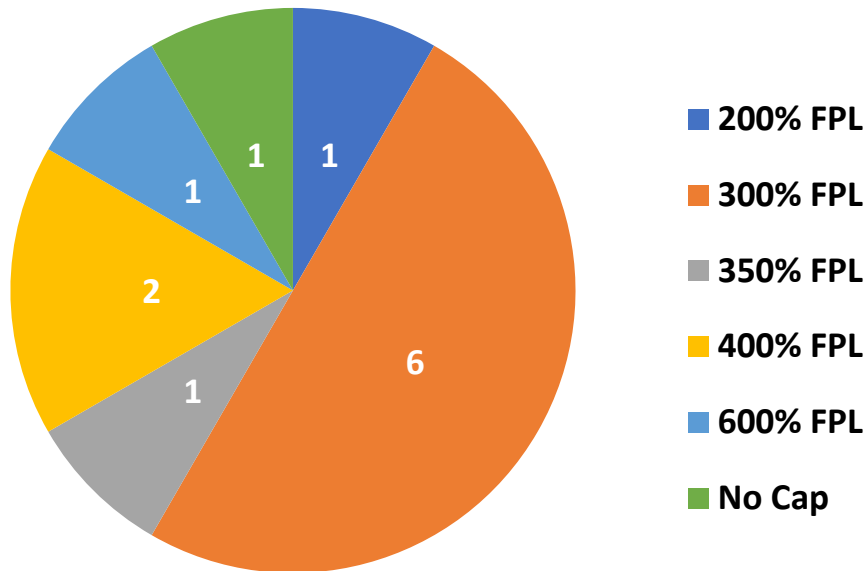
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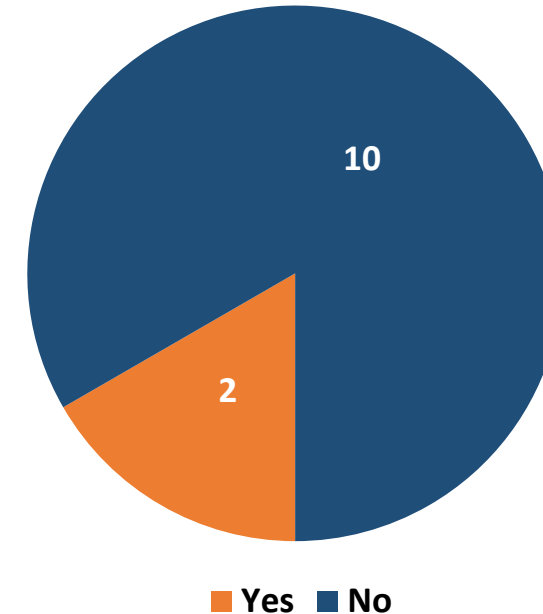


# Qualification for Hospital Financial Assistance Policies Varies Across Hospitals

### What is the Maximum Income Eligible for Income-Based Assistance?



### Are Further Discounts Available to a Patient Receiving HSN?

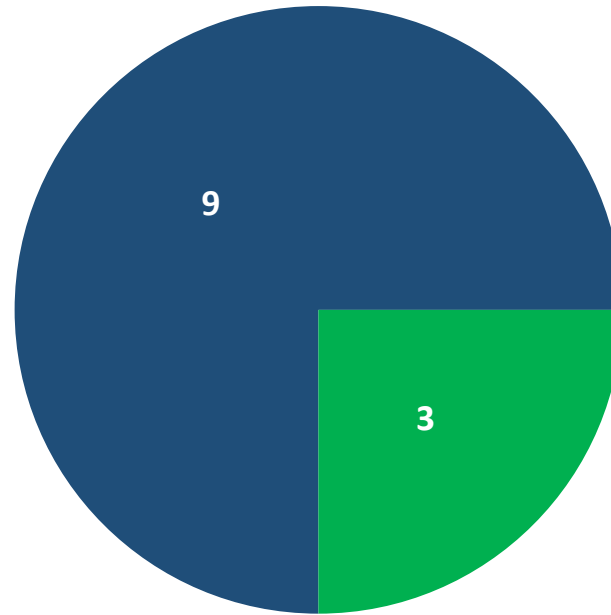


These charts reflect the number of hospital FAPs out of the sample of twelve hospitals that included the criteria above.



# Very Few Hospitals Provide Financial Assistance with Deductibles and/or Co-Insurance

## Can Patient Receive Discounts for Deductible or Co-Insurance?



■ No ■ Unclear

This chart reflect the number of hospital FAPs out of the sample of twelve hospitals that included the criteria above.



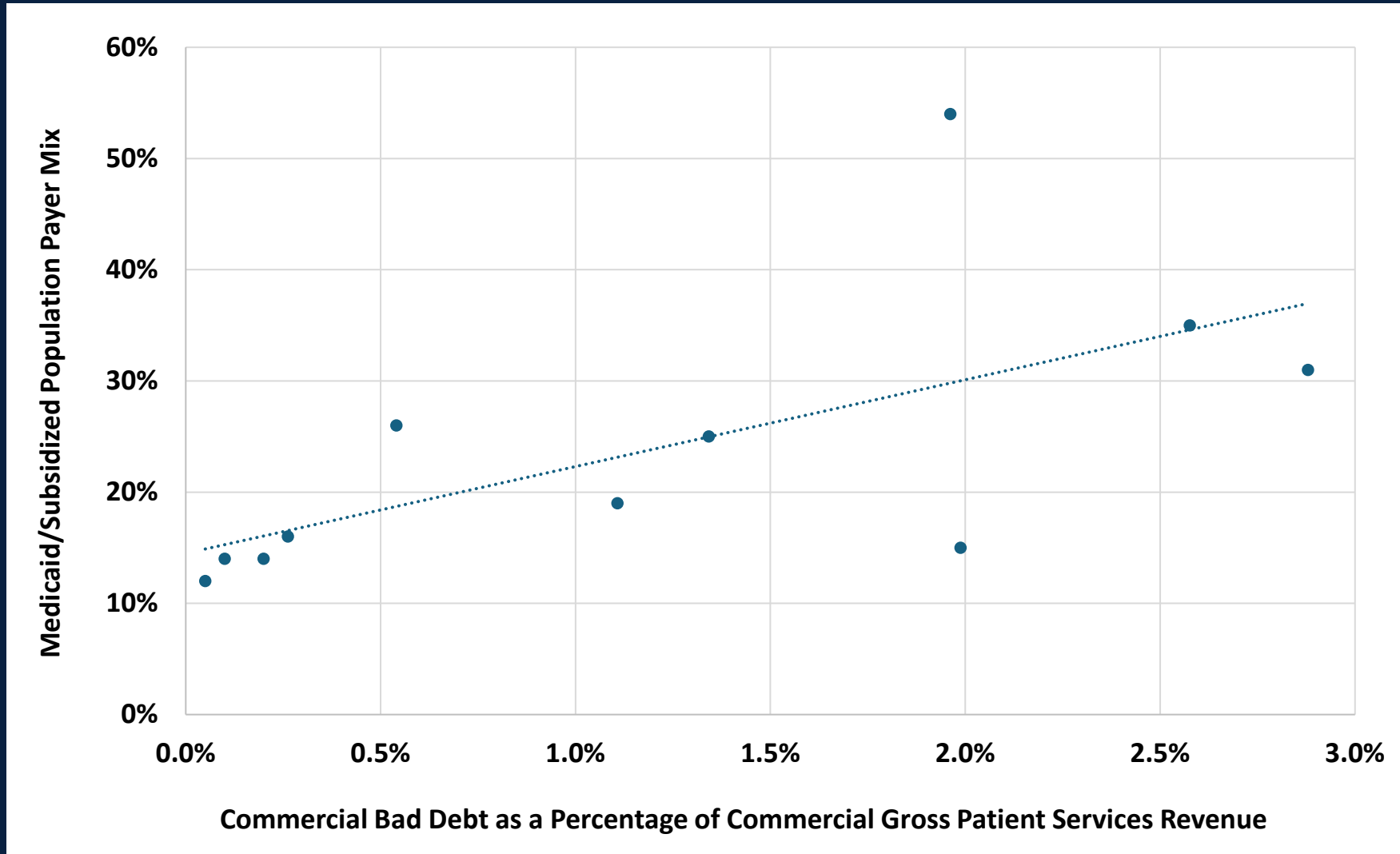
# Questions Considered: Bad Debt

(3) To what extent are Massachusetts safety net and lower-cost hospitals burdened by bad debt?

➤ How does a hospital's public payor mix and commercial relative price correlate with its reported level of bad debt?

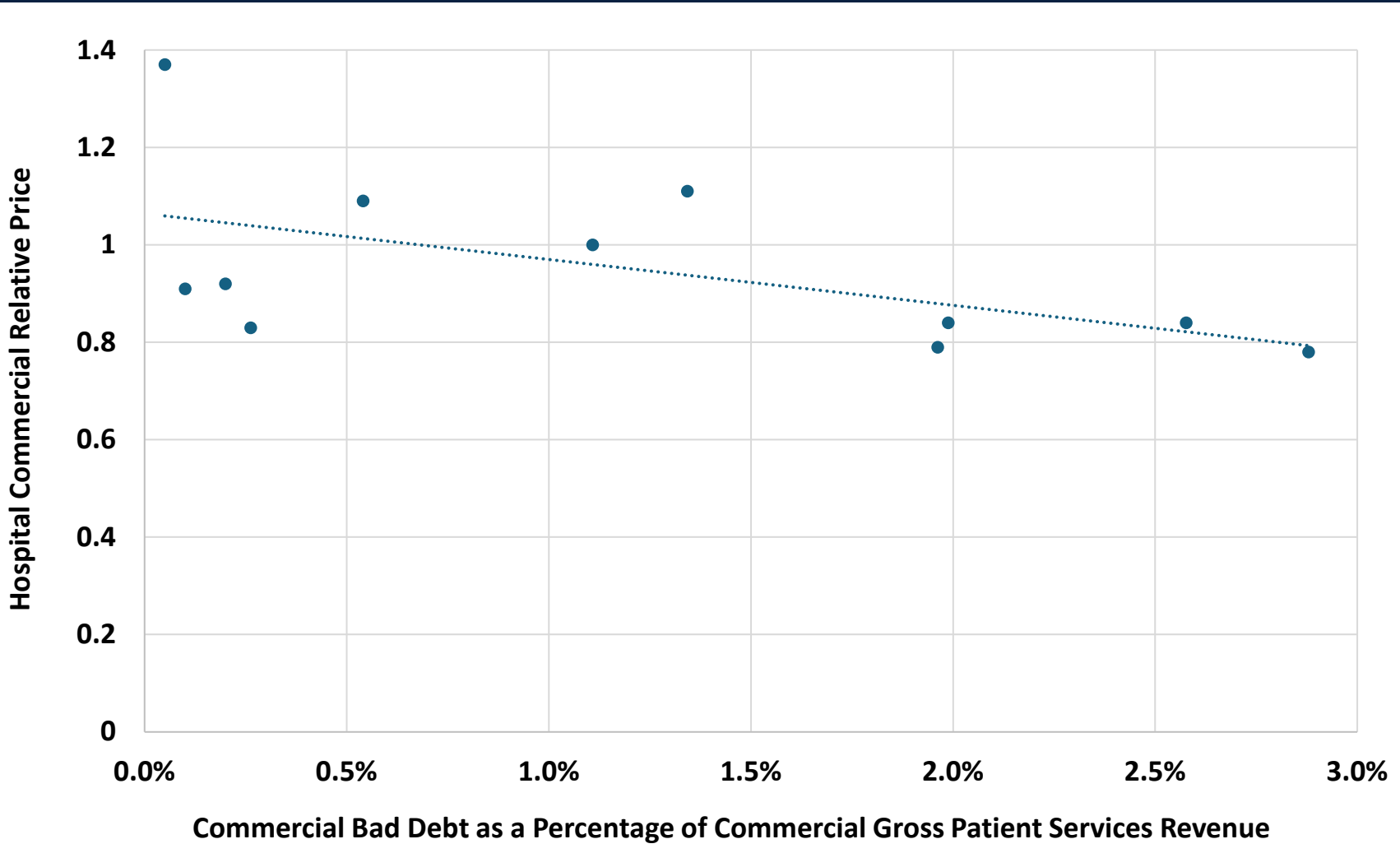


# In Our Sample, Hospitals With a Higher Medicaid/Subsidized Population Payer Mix Had a Higher Percentage of Commercial Bad Debt Relative to Their Commercial Gross Patient Services Revenue





# In Our Sample, Hospitals With a Lower Commercial Relative Price Had a Higher Percentage of Commercial Bad Debt Relative to Their Commercial Gross Patient Services Revenue







# Recommendations: Affordability Measures

- The legislature should consider creating an affordability index that measures how much Massachusetts consumers are paying for health care, including through deductibles, co-payments, and premiums (both employer and employee share), relative to income.
- Affordability index should allow policymakers to monitor trends at a municipal or zip-code level so that affordability burdens in lower-income communities are not obscured in state-wide or regional averages.
- In conjunction with the affordability index, the legislature should consider creating a target affordability benchmark.



# Recommendations: Consumer Protections

- The legislature should consider enhanced consumer protections:
  - Around collection and reporting of medical debt, such as limitations on collections and “extraordinary collection actions” during good faith bill disputes, and limitations on reporting medical debt to credit bureaus.
  - Around providers' Financial Assistance Policies and practices, including uniform income thresholds for eligibility; screening requirements; discounts that apply to cost sharing; affordable payment plans; and applicability to other health care providers beyond hospitals.
- Hospitals should adhere to the AGO's recommended medical debt reporting practices.



# Recommendations: Lower-Cost Coverage for Lower-Income Households

- Stakeholders should continue efforts to support MA residents with commercial insurance who are falling within affordability gaps, including:
  - Maintaining enhanced subsidies for Connector participants.
  - For employer-sponsored insurance, awareness and consideration of pay-based premium contributions and cost sharing programs.



# Recommendations: Support for Lower-Cost Hospitals

- The legislature should consider increased support for lower-cost and safety net hospitals that are disproportionately shouldering bad debt, including strategies to reduce unwarranted provider price variation.

Call to Order

Approval of Minutes (**VOTE**)

Executive Session (**VOTE**)

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## **HPC EVALUATION OF MASS GENERAL BRIGHAM'S PERFORMANCE IMPROVEMENT PLAN**

Mass General Brigham's Performance Improvement Plan (**VOTE**)

Research Presentation: Behavioral Health Emergency Department Boarding in Massachusetts

Executive Director's Report

Adjourn

# CHIA and the HPC share responsibility for monitoring performance against the health care cost growth benchmark.



### Step 1: Benchmark

Each year, the process starts by setting the annual health care cost growth benchmark



### Step 2: Data Collection

CHIA then collects data from payers on unadjusted and **health status adjusted total medical expense (HSA TME)** for their members, both network-wide and by primary care group.



### Step 4: HPC Analysis

HPC conducts a confidential, but robust, review of each referred provider and payer's performance across **multiple factors**



### Step 3: CHIA Referral

CHIA analyzes those data and as required by statute, confidentially refers to the HPC **payers** and **primary care providers** whose **increase in HSA TME** is above bright line thresholds (e.g. greater than the benchmark)



### Step 5: Decision to Require a PIP

After reviewing all available information, including confidential information from payers and providers under review, the **HPC Board votes** to require a PIP if it identifies significant concerns and finds that a PIP could result in meaningful, cost-saving reforms. The entity's identity is public once a PIP is required.



### Step 6: PIP Implementation

The payer or provider must propose the PIP and is subject to **ongoing monitoring** by the HPC during the **18-month implementation**. A fine of up to \$500,000 can be assessed as a last resort in certain circumstances.

## REQUIRING A PIP

- ▶ The HPC may require any CHIA-identified Entity to file a PIP if, after a review of certain factors, the Commission **identifies significant concerns about the entity's costs** and **determines that a PIP could result in meaningful, cost-saving reforms.**
- ▶ The HPC shall base its determination on a review of the following factors:
  - a) Baseline spending and spending trends over time, including by service category;
  - b) Pricing patterns and trends over time;
  - c) Utilization patterns and trends over time;
  - d) Population(s) served, payer mix, product lines, and services provided;
  - e) Size and market share;
  - f) Financial condition, including administrative spending and cost structure;
  - g) Ongoing strategies or investments to improve efficiency or reduce spending growth over time;
  - h) Factors leading to increased costs that are outside the CHIA-identified Entity's control; and
  - i) Any other factors the Commission considers relevant.

## Recap of HPC Rationale for Requiring a PIP from MGB

- MGB regularly had spending growth above the benchmark, with a cumulative spending impact of **\$293 million in above-benchmark unadjusted spending growth** for its commercially insured primary care patients from 2014 through 2019, more than any other Massachusetts provider or system
- MGB had higher absolute **spending levels** for its patients than most other systems, as well as higher hospital and physician prices than nearly all other providers in the Commonwealth
- **Price and mix** were the primary drivers of MGB's spending growth, rather than utilization; and
- Other factors considered (e.g., the acuity and payer mix of patients served, MGB's financial condition) did not mitigate concerns.



## Recap of HPC Rationale for Requiring a PIP from MGB

- The Board voted to **require a Performance Improvement Plan from Mass General Brigham.**
- In reviewing MGB's long term spending trends and the regulatory factors<sup>1</sup>, the HPC found that:
  - Spending performance for **MGB raised significant concerns** and had likely already impacted the state's ability to meet the health care cost growth benchmark.
  - Unless addressed, MGB's spending performance was likely to continue to **impact the state's ability to meet the benchmark.**
  - The information provided by MGB in meetings and in response to HPC's requests **did not allay the concerns** identified by the HPC in its analyses of MGB's performance.
- The HPC determined that a Performance Improvement Plan could result in **meaningful, cost-saving reforms.**

1. The Board examined a wide array of both public and confidential data sources during the PIPs review. In accordance with its statute, the HPC is only releasing confidential information in summary form or when it has determined that such disclosure should be made in the public interest after taking into account any privacy, trade secret or anticompetitive considerations.

## PIP Proposals

Any proposed **PIP shall be developed by the entity** and shall include, among other required items:

- a) Identification of the cause(s) of the entity's cost growth
- b) Specific strategies, adjustments, and action steps the entity proposes to implement to improve health care spending performance without compromising quality of or access to needed services
- c) A proposed timetable for implementing each strategy, adjustment or action step, with an overall timetable for implementation of 18 months or less
- d) Specific identifiable and measurable expected outcomes, with a timetable for measurement, achievement, and reporting of such outcomes

## PIP Approval

The HPC shall approve a proposed PIP by vote of the Board if it determines that the proposed PIP is **reasonably likely to successfully address the underlying cause(s) of the entity's cost growth** and has a reasonable expectation that the **entity will be capable of successfully implementing the proposed PIP.**

# Overview of MGB's PIP



## SAVINGS TARGET

- MGB's PIP set a total savings target of \$176.7 million over the 18-month period.
- MGB anchored its savings target to the financial impact of its cumulative above-benchmark spending growth for its primary care patient population from 2014-2019.

## STRATEGIES

- MGB's PIP included 10 strategies organized into 3 categories (see table).
- MGB also described efforts to control costs through its value-based care strategy, but did not quantify savings associated with these efforts.
- The majority of the target savings (\$125M, 70%) were associated with four Price Reductions strategies, which targeted MGB's commercial prices, consistent with HPC's identification of price, rather than utilization, as the primary driver of MGB's spending growth.
- The PIP was expected to generate savings not only for MGB's primary care population, but also for other health care systems' primary care population and total health care expenditures generally.

Strategy	Total Savings Target (\$M)
<b>Price Reductions</b>	
Reducing Outpatient Rates	\$86.8
Mass General Waltham Rates	\$19.2
Reducing ConnectorCare Rates	\$17.9
Other Insurance Discount	\$1.5
<b>Reducing Utilization</b>	
Integrated Care Management Program	\$23.0
SNF Utilization Reduction	\$13.4
MGB Health Plan Utilization Management	\$1.5
MRI and CT Utilization	\$6.5
<b>Shifting Care to Lower Cost Sites</b>	
Home Hospital	\$1.9
Virtual Care Discount	\$5.1
<b>Total</b>	<b>\$176.7</b>

## TIMING

- The full 18-month PIP implementation period ran from October 2022 through March 2024.
- Five strategies either began immediately on October 1, 2022 or had start dates that pre-dated the PIP implementation period, but which were continued or expanded during the PIP.
- Several strategies were designated to start on January 1, 2023, to align with payer contract cycles.
- Though some of its strategies pre-dated the PIP, MGB's savings methodologies only account for savings generated during the implementation period.

Strategy	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
<b>Price Reductions</b>						
Reducing Outpatient Rates	*					
Mass General Waltham Rates						
Reducing ConnectorCare Rates	*					
Other Insurance Discount						
<b>Reducing Utilization</b>						
Integrated Care Management Program						
SNF Utilization Reduction						
MGB Health Plan Utilization						
MRI and CT Utilization	*					
<b>Shifting Care to Lower Cost Sites</b>						
Home Hospital	*					
Virtual Care Discount						

Note: Quarters in blue are those in which at least one sub-component of the strategy was operational, even if not all components were operational. Stars indicate that at least one sub-component of the strategy was initiated prior to the PIP Implementation Period. MGB's integrated care management program pre-dates the PIP implementation period, but MGB expanded the program capacity and began increasing its enrollment numbers on October 1, 2022.

# MGB's Reported Savings



- Based on its methodology for calculating savings, MGB reported saving a total of \$197.1M, exceeding its target by more than \$20M, or 12%.
- MGB noted that the Price Reductions and Reducing Utilization categories both outperformed expectations. According to MGB:
  - **Price Reductions:** *“Results were driven by reductions in rates for On-Campus Outpatient procedures and services, MG West procedures and services, and MGB pricing on MGB Health Plan Connector Care products.”*
  - **Reducing Utilization:** *“Results were driven by strong performance in MRI and CT utilization management along with on-target performance for expansion of the Integrated Care Management Program (iCMP) and new utilization management interventions by MGB Health Plan.”*
  - **Shifting Care to Lower Cost Sites:** *“Savings were driven by increasing discounts on the price for virtual care visits with MGB specialist care providers. [T]he Hospital at Home program ...fell short of the target due to staffing challenges, but we continue to see strong momentum in this innovative solution.”*

Strategy	Total Savings Target (\$M)	Total Savings (\$M)
<b>Price Reductions</b>		
Reducing Outpatient Rates	\$86.8	\$85.3
Mass General Waltham Rates	\$19.2	\$24.8
Reducing ConnectorCare Rates	\$17.9	\$29.5
Other Insurance Discount	\$1.5	\$3.3
<b>Reducing Utilization</b>		
Integrated Care Management Program	\$23.0	\$24.9
SNF Utilization Reduction	\$13.4	\$7.3
MGB Health Plan Utilization Management	\$1.5	\$1.5
MRI and CT Utilization	\$6.5	\$14.4
<b>Shifting Care to Lower Cost Sites</b>		
Home Hospital	\$1.9	\$0.9
Virtual Care Discount	\$5.1	\$5.4
<b>Total</b>	<b>\$176.7</b>	<b>\$197.1</b>

## PIP Evaluation

The HPC shall **determine whether the PIP was successful by vote of the Board**. The HPC may consider the following factors when determining whether a PIP was successful:

1. Whether and to what extent the entity has addressed significant concerns about its costs, i.e., by achieving the target outcomes as specified in the PIP, in accordance with the Commonwealth's policy goals, including those concerning the cost, quality and accessibility of care;
2. Whether the entity has fully implemented, in good faith, the strategies, adjustments and action steps of the PIP;
3. The sustainability of the efficiencies and cost savings of the PIP;
4. The impact of events outside of the entity's control on implementation or cost growth; and
5. Other factors the Commission determines to be relevant.

**A**

## **ACHIEVING TARGET OUTCOMES**

To what extent did MGB implement its strategies in good faith and achieve the target savings specified in the PIP?

**B**

## **SPENDING AND PRICING DURING THE PIP**

To what extent did MGB address significant concerns about its costs, i.e., by impacting its spending and pricing during the PIP?

**C**

## **SUSTAINABILITY**

To what extent are the strategies and savings from the PIP likely to be sustained?

## ACHIEVING TARGET OUTCOMES

**Finding A.1:** MGB implemented the strategies in its approved PIP in good faith.

**Finding A.2:** MGB achieved the savings target set forth in its approved PIP.

## SPENDING AND PRICING DURING THE PIP

**Finding B.1:** During the PIP, MGB's spending growth was meaningfully reduced. Though MGB's spending growth with local commercial payers exceeded the benchmark in 2023 based on preliminary TME data, its growth was less than network average growth during this time period. MGB's overall spending growth likely would have exceeded network average growth if its spending were increased by the magnitude of the estimated PIP savings.

**Finding B.2:** During the PIP, MGB's pricing was likely modestly reduced relative to the market. HPC analysis indicates that MGB's contracted rate changes during the PIP likely slightly reduced its prices relative to the average with each of the local commercial payers, consistent with MGB's stated goal of decreasing price variation.

## SUSTAINABILITY

**Finding C.1:** MGB has stated that it will continue implementing several of its strategies after the PIP.

**Finding C.2:** MGB's rate increases in recently finalized agreements suggest that MGB is not recouping the savings generated under the PIP Price Reductions strategies in current payer contracts.

**Finding C.3:** Other factors that MGB identified as evidence of the sustainability of the PIP have not previously been shown to be sufficient to constrain MGB's spending growth. Given the role of pricing in driving MGB's historically high spending growth, the long-term sustainability of the PIP savings will depend on MGB maintaining a commitment to keep pricing at levels consistent with compliance with the benchmark, including in value-based care arrangements..



## Finding A.1

### MGB implemented the strategies in its approved PIP in good faith.

- Despite the ongoing challenges that the health care system has faced in recent years, MGB worked collaboratively with HPC throughout the PIP process, showing a good faith commitment to the process and its implementation of the PIP.
- When implementation challenges arose, MGB transparently identified and, to the extent possible, addressed these challenges.
- MGB made a commitment to the HPC early in the PIP implementation period that it would achieve its total savings target, even if it did not achieve its target savings for each individual strategy.



## Finding A.2

### **MGB achieved the savings target set forth in its approved PIP.**

- The HPC carefully reviewed MGB's savings methodologies and calculations, and MGB made some adjustments to its calculations based on HPC feedback.
- The HPC found MGB's final savings methodologies and estimates to be generally reasonable. Savings associated with addressing MGB's prices with commercial insurers had the most impact.
- The HPC notes that certain ancillary impacts could not be accounted for and that a portion of the reported PIP savings was returned to MGB as revenue through shared savings payments pursuant to MGB's value-based care arrangements with local payers.
- Overall, the scope of savings achieved was consistent with the expectations in MGB's approved PIP. The HPC therefore finds that MGB met its PIP savings target.

## Finding B.1

**During the PIP, MGB's spending growth was meaningfully reduced.**

- The HPC reviewed MGB’s spending trends in the context of the significant strain that has faced the health care system in recent years.
- Based on preliminary TME data, spending growth for MGB’s largest physician group, Partners Community Physicians Organization, generally exceeded the benchmark between 2022 and 2023.
- However, when compared to average spending growth during this time, MGB’s spending growth was generally below that average. These trends differ from MGB’s unadjusted spending trends prior to the PIP, when MGB’s growth was at or above the network average with three of the four payers.
- The HPC estimates that if PIP savings were added to MGB’s 2023 TME spending with local commercial payers its 2023 spending growth would have exceeded network average trends for three of the four local payers evaluated.

Commercial Spending Growth (Preliminary TME):		
Payer	MGB Compared to Network Average: 2022 - 2023	
	HSA TME	Unadjusted TME
Payer 1	-0.5 pts	-0.6 pts
Payer 2	-0.3 pts	-0.1 pts
Payer 3	-3.2 pts	-5.7 pts
Payer 4	-1.8 pts	-2.3 pts

## Finding B.1

**During the PIP, MGB's spending growth was meaningfully reduced.**

- The HPC also examined MGB’s outpatient spending trends, which should have been notably impacted by MGB’s Reducing Outpatient Rates and Mass General Waltham Rates strategies.
- MGB’s 2022-2023 outpatient spending growth was high, tracking statewide commercial trends, but was generally growing more slowly than each payer’s network average from 2022 to 2023.
- This was an improvement from MGB’s historical performance; its annualized outpatient TME growth from 2013-2022 had been higher than the network average outpatient growth with each of the local commercial payers.

Outpatient Spending Growth (Preliminary TME)		
Payer	MGB Compared to Network Average	
	2013-2022 Annualized	2022-2023
Payer 1	+2.0 pts	-0.7 pts
Payer 2	+4.6 pts	-1.6 pts
Payer 3	+1.6 pts	-5.8 pts
Payer 4	+0.1 pts	-2.1 pts

## Finding B.2

### **During the PIP, MGB's pricing was likely modestly reduced relative to the market.**

- In its approved PIP, MGB stated that one of its goals for future contract negotiations with local commercial payers was “to decrease price variation between MGB and the marketplace.”
- The HPC’s estimated MGB’s system-level pricing with local commercial payers compared to average in 2022, finding that MGB’s system pricing was:
  - Between 9% and 35% above average on an inpatient basis; and
  - Between 14% below and 35% above average on an outpatient basis.
- After taking into account 2023 and 2024 rate increases for MGB and other provider systems, the HPC estimates that MGB’s price differential decreased modestly by 2024, resulting in estimated prices for MGB that are:
  - Between 5% and 28% above average on an inpatient basis; and
  - Between 17% below and 30% above average on an outpatient basis.
- The HPC therefore finds that MGB’s contracted rate changes during the PIP likely slightly reduced its prices relative to the average with each of the local commercial payers, consistent with MGB’s stated goal of decreasing price variation.

## Finding C.1

### **MGB has stated that it will continue implementing several of its strategies after the PIP.**

- Within the context of the PIP, MGB has made specific statements regarding the continuity of some of its PIP strategies, including that:
  - The MG West facility will continue to receive community hospital rates, rather than AMC rates, with local commercial payers; and
  - MGB intends to continue strengthening its SNF strategy after the implementation period.
- Outside the context of the PIP, MGB has made public statements that signal its intention to continue implementing some strategies. For example:
  - MGB announced the attainment of a new “capacity milestone” in its Home Hospital program in August 2024, several months after the close of the PIP implementation period. Since the beginning of the PIP implementation period, MGB has expanded its Home Hospital program from BWH and MGH to include Newton-Wellesley Hospital, Salem Hospital, and Brigham and Women’s Faulkner Hospital.
- A few of MGB’s strategies, such as the iCMP, pre-dated the PIP, and can therefore be credibly viewed as existing parts of MGB’s cost containment portfolio that are likely to continue.

## Finding C.2

**MGB's rate increases in recently finalized agreements suggest that MGB is not recouping the savings generated under the PIP Price Reductions strategies in current payer contracts.**

- The HPC considers MGB's strategies targeting its commercial prices to be of particular importance to the overall success of the PIP, not only because they constitute more than 70% of MGB's total claimed savings, but also because the HPC had identified price as a key spending driver for MGB.
- In its approved PIP, MGB stated that it would not recoup the savings generated from its pricing actions during the PIP via future rate increases.
- The HPC examined MGB's 2024 and 2025 aggregate price increases with local commercial payers compared to the health care cost growth benchmark, MGB's historical increases, and the payer's network average increase for each year, when available.
- Evidence reviewed by the HPC regarding MGB's rates in recently finalized agreements with local commercial payers suggests that it is unlikely MGB recouped the revenue it forewent during the PIP through higher rate increases than it would have sought otherwise.

## Finding C.3

**Other factors that MGB identified as evidence of the sustainability of the PIP have not previously been shown to be sufficient to constrain MGB's spending growth.**

- MGB's final public report on the PIP includes a commitment to short-term and long-term sustainability. MGB cites specific examples of this commitment, such as its use of benchmark data from CHIA, its use of multi-year payer contracts that extend beyond the PIP period, and its participation in value-based care arrangements with payers.
- The HPC notes that most of the factors that MGB cites were in place prior to the requirement that it implement a PIP and were insufficient constraints to prevent MGB from having high unadjusted TME growth across multiple books of business and multiple years, leading to the HPC's decision to require a PIP.
- Ultimately, given the role of pricing in driving MGB's historically high spending growth, the long-term sustainability of the PIP savings will depend on MGB maintaining a commitment to keep pricing at levels consistent with compliance with the benchmark, including in value-based care arrangements.



## A

### ACHIEVING TARGET OUTCOMES

**Finding A.1:** MGB implemented the strategies in its approved PIP in good faith.

**Finding A.2:** MGB achieved the savings target set forth in its approved PIP.

## B

### SPENDING AND PRICING DURING THE PIP

**Finding B.1:** During the PIP, MGB's spending growth was meaningfully reduced.

**Finding B.2:** During the PIP, MGB's pricing was likely modestly reduced relative to the market.

## C

### SUSTAINABILITY

**Finding C.1:** MGB has stated that it will continue implementing several of its strategies after the PIP.

**Finding C.2:** MGB's rate increases in recently finalized agreements suggest that MGB is not recouping the savings generated under the PIP Price Reductions strategies in current payer contracts.

**Finding C.3:** Other factors that MGB identified as evidence of the sustainability of the PIP have not previously been shown to be sufficient to constrain MGB's spending growth.

## PIP Evaluation

- The HPC shall **determine whether the PIP was successful by vote of the Board**. The HPC may consider the following factors when determining whether a PIP was successful:
  - a) To what extent the entity addressed significant concerns about its costs, i.e., by achieving the target outcomes as specified in the PIP;
  - b) Whether the entity fully implemented, in good faith, the strategies of the PIP;
  - c) The sustainability of the efficiencies and cost savings of the PIP;
  - d) The impact of events outside of the entity's control on implementation or cost growth; and
  - e) Other factors the Commission determines to be relevant.
  
- **If the HPC finds the PIP to be unsuccessful**, the HPC may:
  - a) Extend the implementation timetable of the PIP and request amendments to the PIP;
  - b) Require the entity to submit a new PIP; or
  - c) Waive or delay the requirement to file any additional PIP.

# Agenda



Call to Order

Approval of Minutes (**VOTE**)

Executive Session (**VOTE**)

Guest Presentation from the Office of the Attorney General: Findings from the AGO Cost Trends Report – Assistant Attorney General Lisa Gaulin and Assistant Attorney General Chloe Cable

HPC Evaluation of Mass General Brigham’s Performance Improvement Plan



**MASS GENERAL BRIGHAM’S PERFORMANCE IMPROVEMENT PLAN (VOTE)**

Research Presentation: Behavioral Health Emergency Department Boarding in Massachusetts

Executive Director’s Report

Adjourn

# VOTE

## Mass General Brigham's Performance Improvement Plan

### MOTION

That, the Commission hereby determines pursuant to 958 CMR 10.13(2) that the Performance Improvement Plan implemented by Mass General Brigham [was/was not] successful.

# Agenda



Call to Order

Approval of Minutes (**VOTE**)

Executive Session (**VOTE**)

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HPC Evaluation of Mass General Brigham’s Performance Improvement Plan

Mass General Brigham’s Performance Improvement Plan (**VOTE**)

Research Presentation: Behavioral Health Emergency Department Boarding in Massachusetts



**EXECUTIVE DIRECTOR'S REPORT**

Adjourn

**Since 2013, the HPC has reviewed 184 market changes.**

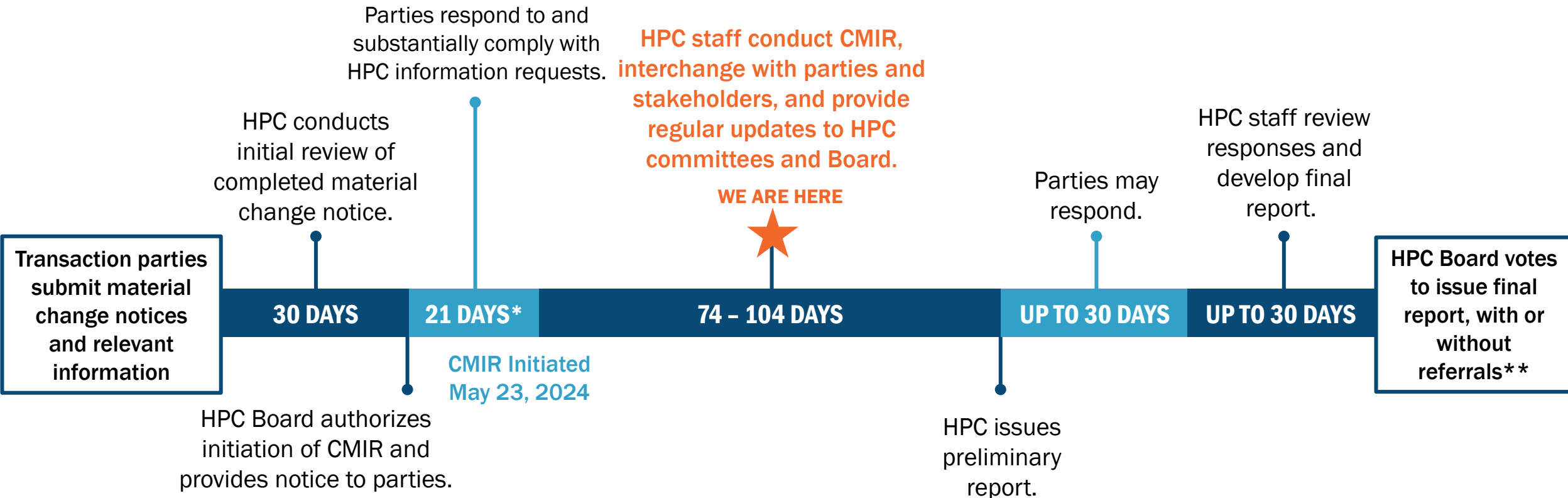
<b>TYPE OF TRANSACTION</b>	<b>NUMBER</b>	<b>FREQUENCY</b>
Physician group merger, acquisition, or network affiliation	41	22%
Formation of a contracting entity	40	22%
Clinical affiliation	36	20%
Acute hospital merger, acquisition, or network affiliation	31	17%
Merger, acquisition, or network affiliation of other provider type (e.g., post-acute)	30	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



- 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 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.

## Elected Not to Proceed (cont.)



- The proposed acquisition of **Alden Court Nursing Care & Rehabilitation Center**, a 142-bed licensed nursing facility in Fairhaven owned by for-profit Gordon Operating Company, LLC, by **Southcoast Health System**, a non-profit healthcare system that includes St. Luke's, Charlton Memorial, and Tobey hospital campuses.
- The proposed acquisition of **Rotech Healthcare, Inc.**, a national provider of home medical equipment, by **Owens & Minor, Inc.**, a national manufacturer and distributor of medical supplies.

## Material Change Notices Currently Under Review



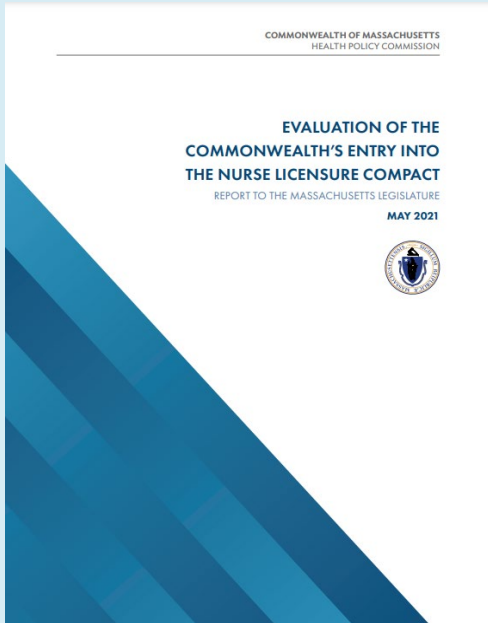
- The proposed acquisition of **Vibra Hospital of Western Massachusetts**, the for-profit owner and operator of both an inpatient long term acute care hospital and a skilled nursing facility in Rochdale, Massachusetts, by **Everest Hospital, LLC**, a newly formed Massachusetts corporation in coordination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

RECEIVED SINCE 10/10/2024

- The proposed acquisition of **Springfield Anesthesia Service, Inc.**, a privately owned physician practice located in Western Massachusetts specializing in anesthesia delivery, by **Baystate Medical Practices**, a subsidiary of Baystate Health.
- The proposed acquisition of **Commonwealth Pathology Partners, P.C.**, a private practice pathology group employing 16 clinical and laboratory pathologists and additional pathology staff, by **Mass General Brigham**.



- The Nurse Licensure Compact (“NLC” or “Compact”) is an **interstate compact** that allows eligible **registered nurses** (“RNs”) and **licensed practical nurses** to hold a multi-state license to practice in their home state and all other Compact states.
- Nurses are required to be licensed to practice where their patient is located at the time services are provided. A Compact license enables nurses to provide care **in person or via telehealth** to patients in any Compact state, subject to each state’s practice laws and subject to continued residency in the license-issuing state.
- The National Council of State Boards of Nursing (“NCSBN”) developed and released the original NLC in 1999; an enhanced version was enacted in 2017 and implemented in 2018.
- The NCSBN and Compact administrators **identify numerous benefits** of the NLC, e.g., it expands access to care, enables telehealth practice, facilitates disaster relief, is cost effective for nurses and providers, addresses access for rural populations and areas of healthcare shortages, and provides administrative efficiency.
- A **state must enact legislation** to authorize the Compact, as well as undertake any administrative efforts required for implementation.



➤ **Legislative Report.** As required by **Chapter 227 of the Acts of 2020**, the HPC, in consultation with the Board of Registration in Nursing (“BORN”), conducted a multi-faceted analysis and issued the following report: [\*Evaluation of the Commonwealth's Entry into the Nurse Licensure Compact\*](#).<sup>1</sup>

- **Summary.** Among other benefits, the analysis found that membership in the NLC would likely:
- Enhance the MA health care industry’s ability to **prepare for emergencies** and other **unforeseen and sudden staffing needs**
    - *Note: this finding may be particularly important in light of slower projected growth of the Massachusetts RN workforce relative to other states*<sup>2</sup>
  - Facilitate the provision of **telehealth** and other care delivery transformations
  - Benefit the state **nursing board, employers, and nurses**

Further, there was no evidence that joining would negatively affect nursing care quality in MA.

➤ **Conclusion.** Given the key findings presented in the report, the **HPC recommended that the Massachusetts legislature enact legislation enabling Massachusetts to join the Compact.**

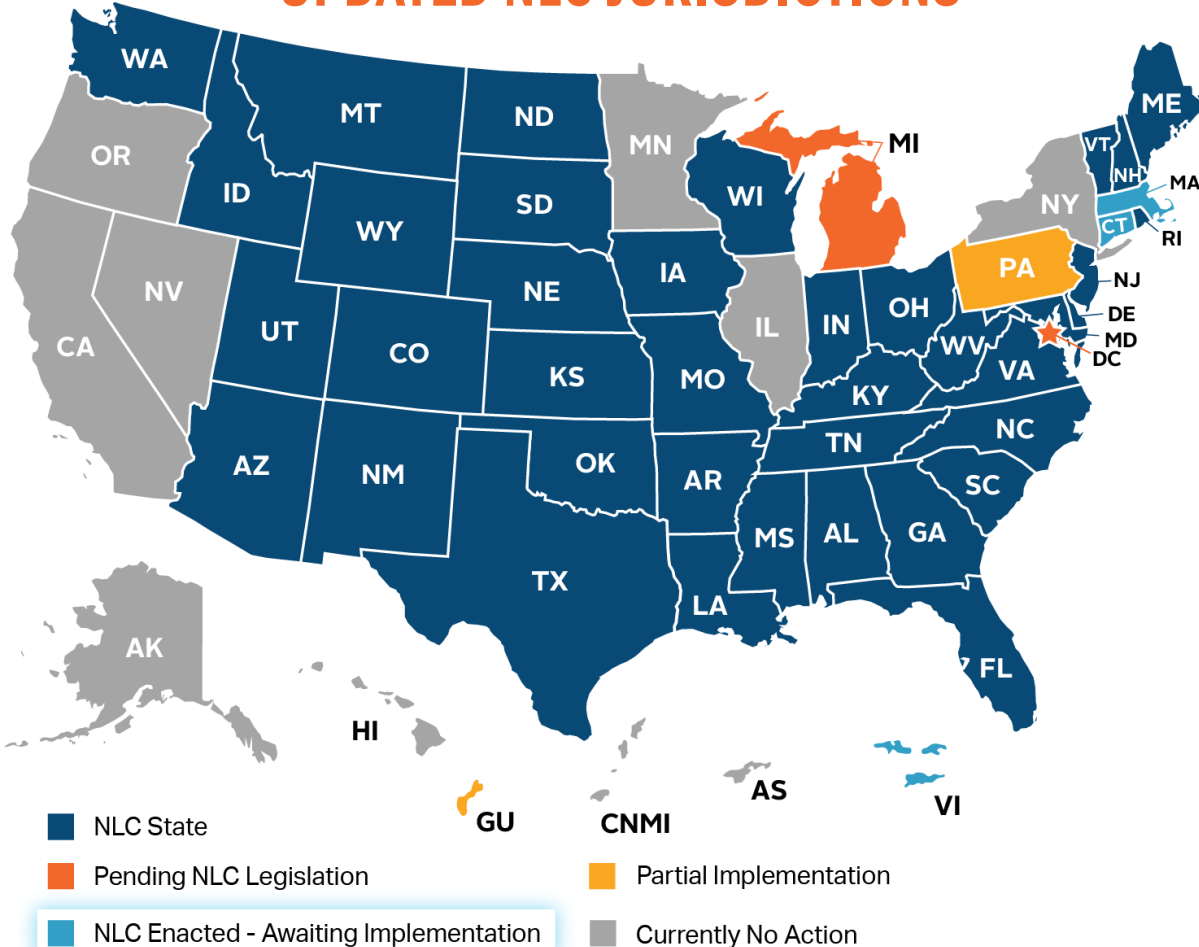
1 The HPC’s May 2021 presentation to the Board on the report is available [here](#) (slides 46-57).

2 Health Resources Services Agency: <https://data.hrsa.gov/topics/health-workforce/workforce-projections>

# NEW: Massachusetts Becomes the 41<sup>st</sup> State to Enact the Nurse Licensure Compact



## UPDATED NLC JURISDICTIONS



Current as of December 4, 2024  
Source: <https://www.nursecompact.com>

- Since the HPC's report, the number of states that have joined the NLC increased from 34 to 40.<sup>1</sup> Most notably, **Vermont, Rhode Island<sup>2</sup>, and Connecticut** enacted the NLC in 2021, 2023, and 2024 (respectively), leaving MA as the sole non-Compact state in New England.
- On November 20, 2024, Governor Maura Healey signed *An act relative to strengthening Massachusetts' economic leadership* into law ([Chapter 238 of the Acts of 2024](#)), which **enacts the NLC in Massachusetts** through the creation of Chapter 112A<sup>3</sup>.
- Anticipated **next steps** include guidance from BORN regarding implementation (including timeline, necessary process updates, etc.).

<sup>1</sup> There were a total of 35 participating jurisdictions at the time of HPC's report. Just prior to MA's enactment, there were 42 total participating jurisdictions.

<sup>2</sup> Rhode Island was an original NLC member until 2018 and rejoined in 2023.

<sup>3</sup> Sections 14, 227, 229, and 287

# HPC 2024 Cost Trends Hearing: Opening Remarks from Governor Maura Healey and Attorney General Andrea Campbell



“ I am prepared to ensure that the next generation does better than the last, especially when it comes to health outcomes...You have a partner in the AG’s office, and we are here to work and get things done on behalf of the people.”



**Attorney General Andrea Joy Campbell** outlined her priorities for the upcoming legislative session, including **increased oversight and accountability** to ensure that agencies like the HPC have the authority needed to protect Massachusetts consumers.

**Governor Maura Healey** acknowledged the ongoing challenges that residents of the Commonwealth face due to **increasingly unaffordable and inaccessible health care**. She stressed the importance of **bold and innovative action** to continue expanding access to equitable and affordable health care.



“ We got an historically bad operator out of Massachusetts, and we saved six hospitals that were at risk of closing.”

# HPC 2024 Cost Trends Hearing: The Path to a More Affordable, Accessible, and Equitable Health Care System Witness Panels 1 and 2



## What Comes Next? The Future of the Former Steward Hospitals and Physician Network



“ The state stepped forward to help these acquirers to keep services going. But what is important is the underlying financial model of these institutions given they are receiving significant funding from the state.”

— Dr. Alastair Bell

## Putting Patients First: Voices of Impacted Providers, Workers, and Communities on Recent Disruptions



“ This breaking point presents us with an opportunity to evaluate the entire ecosystem of our healthcare system and make structural changes to the ways in which care is delivered and paid for.”

— Dr. Bisola Ojikutu



# HPC 2024 Cost Trends Hearing: The Path to a More Affordable, Accessible, and Equitable Health Care System Witness Panels 3 and 4



## From Crisis to Stability: Industry Leaders on the Threats and Opportunities Facing the Commonwealth's Health Care System



“ We should set a benchmark with teeth, set an audacious goal and try to control costs... Our ability to be innovative about that is the only thing that will fix this.”

— Eileen Auen

## The Cost of Inaction: Building Consensus on Policy Solutions to Achieve Health Care Affordability, Accessibility, and Equity for All



“ When there are issues with the system and crises unfold, we need to involve impacted communities in a genuine way from the beginning of the process.”

— Amy Rosenthal

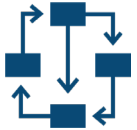
# Future Priority Areas for Discussion



**Promoting Affordability**



**Strengthening Primary Care**



**Proactive Planning of Health System Supply and Distribution**



**Protecting Health Market from Predatory Actors**



**Addressing Health Care Workforce Challenges**



**Advancing Health Equity**



**Health System Capacity Constraints and Patient Throughput Challenges**



**Evolving Value Based Care and Patient Centered Care Models**



**Examining Pharmaceutical Pricing Trends and PBMs**



**Reducing Unnecessary Administrative Complexity**

# HPC Summer Fellowship Program



- In 2024, the HPC hosted 7 fellows from 5 graduate programs in public health, research, and law across the country.
- The HPC Summer Fellowship is a 10-week paid opportunity for graduate students with an interest in health policy.
- Summer Fellows work alongside colleagues in each HPC department to complete a standalone research project or other deliverable.
- Applications for the 2025 Summer Fellowship Program will be accepted beginning **December 20**.



[masshpc.gov/about/job-opportunities](https://masshpc.gov/about/job-opportunities)

# 2024: BY THE NUMBERS



## PUBLIC ENGAGEMENT AND OUTPUTS

**80+**

news articles mentioning the HPC and

**1**

TV interview on “@Issue” NBC Boston

**18**

publications and videos

**14K**

total users on masshpc.gov since its  
launch in July

**24**

press releases and statements



## MEETINGS AND CONFERENCES

**17**

public meetings convened by the HPC

**872**

slides presented in HPC public meetings

**6**

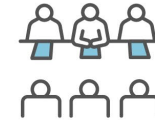
posters and

**1**

podium presentation at AcademyHealth’s  
2024 Annual Research Meeting

**8**

additional invited presentations and panel  
discussions



## COST TRENDS HEARING

**~3k**

views of the Cost Trends Hearing livestream

**1.5K**

views of the Cost Trends Hearing page

**17**

panelists (11 new panelists)

**37**

pieces of pre-filed, oral, and written testimony

# 2024: BY THE NUMBERS



## MARKET OVERSIGHT

**21**

new Material Change Notices

**5**

transaction reviews were closed on the same day

**1<sup>st</sup>**

Performance Improvement Plan evaluation completed

**48**

expected registrants for RPO



## PARTNERSHIPS

**5**

HEART-BP awardees selected to receive a combined total of

**\$1,498,861**

**2**

C4SEN awardee programs sustained through additional state funding

**132**

total birthing people enrolled for doula services and

**117**

total babies birthed through BESIDE

**42**

Behavioral Health Workforce Center stakeholder meetings



## OFFICE OF PATIENT PROTECTION

**343**

health insurance external review requests

**4**

ACO/RBPO external review requests

**874**

open enrollment waiver requests

**1,476**

calls to the OPP hotline

# Agenda



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**ADJOURN**