MASSACHUSETTS
HEALTH POLICY COMMISSION

Advisory Council Meeting

February 13, 2025

Agenda

HPC

CALL TO ORDER

Recent Federal Policy Changes: Potential Implications for the Massachusetts Health Care Sector

Recent State Policy Changes: Overview of *An Act enhancing the market review process* and *An Act relative to pharmaceutical access, costs, and transparency*

Primary Care Challenges in Massachusetts and Next Steps to Advance Policy Solution

Adjourn

The HPC's Executive Director convenes a 30+ member Advisory Council to help inform this work and enhance the HPC's policy agenda.

Dr. Christopher Andreoli, President, Atrius Health

Lissette Blondet, Executive Director, Massachusetts Association of Community Health Workers

Aimee Brewer, President and CEO, Sturdy Memorial Hospital

Dr. Jeanette Callahan, Pediatrician, Cambridge Health Alliance; Medical Director, Department of Youth Services Northeast Region Health Services, Justice Resource Institute

Christopher Carlozzi, State Director, National Federation of Independent Business (NFIB)

JD Chesloff, Executive Director, Massachusetts Business Roundtable

Dr. Cheryl Clark, Associate Chief, Division of General Internal Medicine and Primary Care, Brigham and Women's Hospital

Ed Coppinger, Head of Government Affairs, MassBio

Michael Curry, President and CEO, Massachusetts League of Community Health Centers

Audrey Gasteier, Executive Director, Massachusetts Health Connector

Roland Goff, Director of Strategic Campaigns, Massachusetts Nurses Association

Tara Gregorio, President and CEO, Mass Senior Care Association

Eric Gulko, President, Innovo Benefits; Legislative Chair and Vice President, National Association of Brokers and Insurance Professionals

Susan J. Hernandez, CNM, MSN, FACNM, Mass General Brigham; MA ACNM Legislative Co-Chair

Jon Hurst, President, Retailers Association of Massachusetts

Jake Krilovich, Executive Director, Home Care Alliance of Massachusetts

Juan Fernando Lopera, Chief Diversity, Equity, and Inclusion Officer, Beth Israel Lahey Health

David Matteodo, Executive Director, Massachusetts Association of Behavioral Health Systems

Dr. Danna Mauch, President and CEO, Massachusetts Association for Mental Health

Patricia McMullin, Executive Director, Conference of Boston Teaching Hospitals

Nicole Obi, President and CEO, Black Economic Council of Massachusetts

Carlene Pavlos, Executive Director, Massachusetts Public Health Alliance

Krina Patel, Head of U.S. State and Local Government Affairs, Biogen

Lora Pellegrini, President and CEO, Massachusetts Association of Health Plans

Amy Rosenthal, Executive Director, Health Care For All

Christine Schuster, President and CEO, Emerson Hospital

Dr. Barbara Spivak, Immediate Past President, Massachusetts Medical Society

Matthew Veno, Executive Director, Group Insurance Commission

Steven Walsh, President and CEO, Massachusetts Health and Hospital Association and previously Massachusetts Council of Community Hospitals

Harry Weissman, Executive Director, Disability Policy Consortium

Erika Wilkinson, Senior Director, Regulatory Affairs, Blue Cross Blue Shield of Massachusetts

Elizabeth Wills-O'Gilvie, Chair, Springfield Food Policy Council

Steven Winn, President and CEO, Behavioral Health Network

The current HPC Advisory Council term runs from January 1, 2023 – June 30, 2025.

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RECENT FEDERAL POLICY CHANGES: POTENTIAL IMPLICATIONS FOR THE MASSACHUSETTS HEALTH CARE SECTOR

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Trump Administration Executive Orders and Directives: Executive Orders Related to Health Care

- **Rescinds** several Biden executive orders (EO 14148), including:
  - **Affordable Care Act (ACA):** Pulls back on efforts to expand ACA and Medicaid enrollment and extra funding for ACA Navigators
  - **Drug Pricing:** Calls into question the status of three CMMI payment models intended to lower prescription costs for Medicare and Medicaid beneficiaries and promote access to innovative drug therapies: Cell and Gene Therapy Access Model, Medicare $2 Drug List Model, and Accelerating Clinical Evidence Model
  - **Equality for Lesbian, Gay, Bisexual, Transgender, Queer, and Intersex Individuals (LGBTQI+):** Repeals protections for LGBTQI+ individuals' access to medically necessary care, promotion of the adoption of policies and practices to support health equity, including in mental health care, for LGBTQI+ youth
  - **Abortion:** Revokes protections for expanded access to safe abortion care
  - **COVID-19:** Revokes several policies aimed at addressing COVID-19 and preparing for future infectious disease outbreaks
  - **Artificial Intelligence:** Reverses federal government's approach to responsibly deploying AI tools in health care
- Withdraws the United States from the **World Health Organization** (EO 14155)
- Directs federal agencies to terminate all **diversity, equity, inclusion, and accessibility** programs, mandates, policies, preferences, and activities in the federal government (EO 14151)
- Directs the federal government to **recognize only two sexes**, male and female (EO 14168)
- Reaffirms prohibition on using federal taxpayer dollars to fund or promote **elective abortions** (EO 14182)
- Establishes a policy that the federal government will not fund or otherwise support **gender affirming care** for pediatric patients suffering from gender dysphoria (EO 14187)

Trump Administration Executive Orders and Directives: Directives and Memoranda

HPC

- **Temporary pause on federal grants, loans, and other financial assistance programs** pending reviews to ensure alignment with recent Executive Orders, including the termination of all diversity, equity, inclusion, and accessibility mandates, policies, programs, preferences, and activities in the federal government (Office of Management and Budget (OMB) memorandum, January 27, 2025)
  - OMB rescinded the memo after a court challenge and widespread confusion; uncertainty remains
- **Reduction of indirect rates** for all National Institute of Health (NIH) grants to 15% (NOT-OD-25-068)
  - Federal judge temporarily halted this plan pending a hearing later this month
  - Indirect costs include expenses such as building construction, maintenance, utilities, lab equipment, research administration, and support staff.
  - In FFY 2024, 219 organizations in Massachusetts received NIH funding to support 5,783 projects. Total funding was $3.46 billion, of which approximately $1 billion was for indirect costs (Complaint for Declaratory Relief filed by Mass. Attorney General, Paragraph 89)
- Pause on issuing documents and public communications unless approved by Presidential appointee (Acting Secretary of HHS memo 1/21/25)
  - Applies to all regulations, guidance, notices, social media, websites, and other communications
  - Effective through February 1, 2025, but it is unclear that restrictions have been lifted
- **Government-wide freeze on the rulemaking process** for 60 days, including healthcare regulations
- **Immigration:** Revokes policy not to arrest people without legal residency at or near “sensitive locations,” which includes hospitals (Department of Homeland Security Directive)
  - Immigrants could potentially be arrested in hospitals while receiving medical care

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RECENT STATE POLICY CHANGES: OVERVIEW OF *AN ACT ENHANCING THE MARKET REVIEW PROCESS* AND *AN ACT RELATIVE TO PHARMACEUTICAL ACCESS, COSTS, AND TRANSPARENCY*

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Chapters 342 and 343 of the Acts of 2024 were signed into law on January 8, 2025.

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An Act relative to pharmaceutical access, costs, and transparency

- Improves state oversight of the pharmaceutical industry, including pharmacy benefit managers (PBMs)
- Caps out-of-pocket costs for drugs to treat asthma, diabetes, and certain common heart conditions

An Act enhancing the market review process

- Strengthens state oversight of private equity investment in health care
- Requires statewide health planning with increased data collection and agency coordination

Key Legislative Components

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HPC BOARD MEMBERSHIP AND APPOINTMENT CHANGES

STRENGTHENS MARKET OVERSIGHT AUTHORITY

REVITALIZES STATE HEALTH PLANNING

CREATES PHARMACEUTICAL OVERSIGHT

ENHANCED INTERAGENCY COORDINATION

ESTABLISHES INTERAGENCY PRIMARY CARE TASK FORCE

HPC Board Membership and Appointment Changes

GOVERNOR
Maura Healey

- Chair with expertise in health care administration, finance, and management
- Expertise representing hospitals or hospital health systems ***NEW***
- Expertise in health plan administration and finance
- Registered nurse with expertise in care delivery innovation
- Expertise in representing the health care workforce. Selected from list of nominees by the President of the Senate ***MODIFIED***
- Expertise in pharmaceuticals, biotechnology, or medical devises. Selected from a list of nominees by the Speaker of the House ***NEW***
- Secretary of Health and Human Services
- Commissioner of Insurance ***NEW***

ATTORNEY GENERAL
Andrea Campbell

- Expertise as a health economist
- Expertise in behavioral health
- Expertise in health care consumer advocacy

HEALTH POLICY COMMISSION BOARD
Deborah Devaux, Chair

EXECUTIVE DIRECTOR
David Seltz

EXECUTIVE DIRECTOR'S ADVISORY COUNCIL

ADDITIONAL PROVISIONS:

- Appointed members of the HPC Board will receive an annual stipend.
- Initial appointments will be staggered terms of 2, 3, or 4 years.
- All board changes are effective July 1, 2025.

New Office of Pharmaceutical Policy and Analysis

- Establishes a new HPC Office of Pharmaceutical Policy and Analysis (OPPA) to **collect and analyze pharmaceutical spending data** and information, produce reports and analyses of pharmaceutical costs and access, and issue recommendations on matters related to prescription drug policy
- Directs OPPA to publish an **annual report** on trends related to access, affordability, and spending on pharmaceutical drugs in the Commonwealth addressing the **underlying drivers** of pharmaceutical drug spending
- Requires OPPA to produce an annual report on **pharmaceutical access and plan design**, including tiering, cost-sharing, and utilization management techniques

Expanded Pharmaceutical and PBM Oversight

HPC

- Caps **out-of-pocket costs for drugs** identified to treat asthma, diabetes, and prevalent heart conditions
  - Requires the HPC to **evaluate the new program** every two years, in consultation with CHIA, GIC, MassHealth, and DOI
- Permits **CHIA to collect data** on pharmaceutical drug spending from payers and PBMs to inform the HPC's reporting on prescription drug spending and access trends
- Authorizes DOI to **regulate and license PBMs** operating in the Commonwealth on a three-year cycle

New Office of Health Resource Planning

HPC

- Establishes a new HPC Office of Health Resource Planning charged with developing a state health plan during a five-year planning period to identify:
  - The **anticipated needs** for health care services, providers, programs, and facilities;
  - The **existing health care resources**, providers, programs, and facilities available to meet those needs;
  - The **projected resources** necessary to meet those anticipated needs;
  - **Recommendations for the appropriate supply and distribution of resources,** workforce, programs, capacities, technologies, and services on a statewide and regional basis; and
  - Recommendations for **any further legislative or regulatory state action**
- Directs the office to **conduct focused assessments of supply, distribution, and capacity** in relation to projected need of health care services and make recommendations to address the drivers of disparities and misalignment of need

HPC Health Resource Data Collection

HPC

- Permits the new Office of Health Resource Planning to provide direction to DPH to establish and maintain **an inventory of health care resources** in the Commonwealth
- Requires all **other state agencies** that license, register, regulate, or otherwise collect data concerning health care resources to support the office and DPH in collecting all necessary data and information
- Increases the registered provider organizations (RPO) reporting threshold to include revenue generated from **all payers**, not just commercial revenue, allowing the HPC and CHIA to collect data from providers that serve significant public payer patients
- **Expands the scope of the ownership, governance, and organizational information the HPC collects from RPOs** to include significant equity investors, real estate investment trusts, and management services organizations
- **Increases penalties for non-compliance with RPO and other CHIA reporting requirements** (to $25,000/week) and provides that the HPC and DPH may consider reporting non-compliance in CMIRs and licensure and DoN reviews, respectively

Expansions of HPC Market Oversight Authority

- Expands the triggers for material change notice (MCN) reviews to include:
  - **Significant expansion** in a provider's capacity;
  - Transactions involving a **significant equity investor** that result in a change of ownership or control of a provider or provider organization;
  - Significant acquisitions, sales, or **transfers of assets**, including real estate lease-backs; and
  - Conversions of a provider from a non-profit entity to **for-profit**
- **Expands HPC authority to collect information from significant equity investors and other parties to a transaction**, including by allowing the HPC to require financial statements and materials on an investor's capital structure be filed with the notice
- Authorizes the HPC to require **additional reporting** for a period of five years after the completion of an MCN to assess post-transaction impacts
- Adds to the factors the HPC examines in a cost and market impact review (CMIR) any related health planning data as well as the size and market share of any significant equity investors

Further Market Monitoring Tools

- Adds new stakeholders required to testify at the **HPC's Annual Cost Trends Hearing**, including significant equity investors, health care real estate investment trusts, management services organizations, pharmaceutical manufacturers, PBMs, and state agency partners
- **Directs DPH to consider, in its review of a Determination of Need (DoN) application**: the state health plan, the Commonwealth's cost containment goals, impacts on patients (including considerations of health equity), and comments and relevant data from CHIA and the HPC, including any CMIR report
- Codifies Department of Public Health (DPH) regulations to toll the DoN timeline for an independent cost analysis, CMIR, and performance improvement plan
- Authorizes DPH to seek an **impact analysis of a closure** of a hospital or essential health service from the HPC during its review of any such closure

Additional Provisions

DIVISION OF INSURANCE AFFORDABILITY STANDARDS

Requires DOI to consider affordability to consumers and purchasers of health insurance in the division's examination of rates submitted for approval by insurers

NEW DPH LICENSURE REQUIREMENTS

Directs DPH to establish regulations and practice standards for licensing office-based surgical centers and networks of urgent care centers

HEALTH EQUITY GRANTS

Adds "advance health equity" to the approved uses of the Health Care Payment Reform Trust Fund

QUALITY MEASURE ALIGNMENT TASKFORCE

Codifies the statewide advisory committee for the Standard Quality Measure Set, of which the HPC is a member

OPERATING ASSESSMENT

Adds pharmaceutical manufacturers, PBMs, and "non-hospital provider organizations" that are required to register with RPO to the HPC's and CHIA's operating assessments

New Primary Care Payment and Delivery Task Force

- In partnership with EOHHS, the HPC will co-chair a **25-member task force** charged with studying and making recommendations to improve primary care **access**, **delivery**, and **financial sustainability** in the Commonwealth.
- Specifically, the task force must:
  - Issue recommendations related to definitions of services as well as **standardized practices for data collection**
  - Make a recommendation to **establish a primary care spending target** for public and private payers in Massachusetts
  - **Propose payment models to increase reimbursement for primary care services** and assess the impact of plan design on health equity and access to primary care services; and
  - Issue recommendations to **improve service delivery to residents of the Commonwealth** and address primary care workforce needs.
- The task force will be required to publish these recommendations by staggered deadlines over the next 16 months.

Key Dates In Chapters 342 and 343 of the Acts of 2024

JANUARY – DECEMBER 2025

JAN. 8, 2025

Bills **signed into law** by Governor Maura Healey

APRIL 8, 2025

Effective date of both laws

JULY 1, 2025

HPC **Board and assessment changes** and out-of-pocket caps on certain drugs go into effect

SEPT. 15, 2025

Primary Care Task Force **service definitions and standardized data collection** recommendations due to Legislature

OCT. 1, 2025

PBM, office-based surgical center, and urgent care center **licensure** regulations promulgated

DEC. 15, 2025

Task Force **primary care spending target** recommendation due to Legislature

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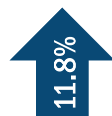
PRIMARY CARE CHALLENGES IN MASSACHUSETTS AND NEXT STEPS TO ADVANCE POLICY SOLUTION

Adjourn

Who is Providing Primary Care in Massachusetts?

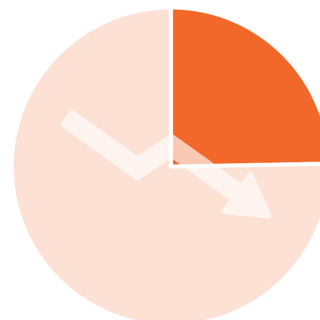
HPC

½ the spending growth in primary care compared to all other medical services from 2017-2022, 11.8% compared to 24.7%.



11.8% spending growth for primary care

24.7% spending growth for all other medical services



24.7% of all Massachusetts physicians were in primary care in 2020, declining from 2014 while the share of specialty physicians increased.

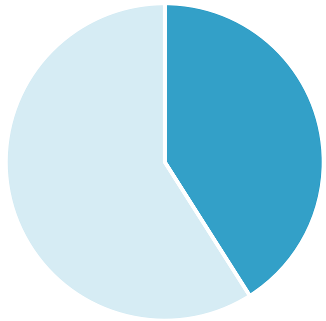
Nearly **50%** of Massachusetts physicians working in office settings are 55 years old or older, in contrast to 30% in other settings.

5th lowest share of physicians working in primary care in Massachusetts, despite having the highest total physicians per capita.

Key Findings from *A Dire Diagnosis: The Declining Health of Primary Care in Massachusetts and the Urgent Need for Action*

Primary Care Access

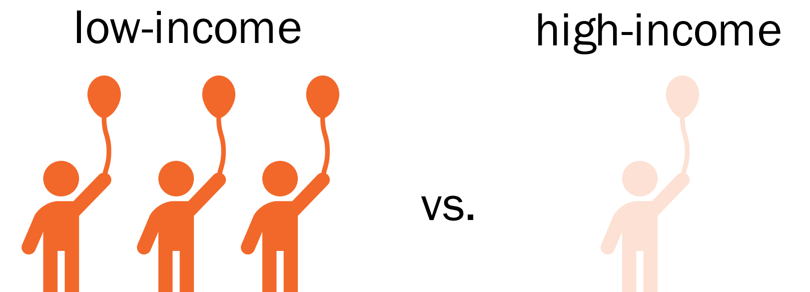
HPC



41% of Massachusetts residents reported difficulty accessing care in 2023.

2 out of 5 ED visits continue to be those where a patient's condition could have been treated in a primary care setting or prevented with timely primary care.

3x more likely for commercially-insured children living in **low-income areas to have no primary care visits** than children in the highest-income areas.



Key Findings from A Dire Diagnosis: The Declining Health of Primary Care in Massachusetts and the Urgent Need for Action

HPC Policy Recommendations

HPC

Reduce sources of administrative burden and burnout for primary care clinicians including actions from the legislature, public and private payers, and health care delivery organizations to reduce the sources of administrative burden and burnout for primary care clinicians.

Strengthen the primary care provider pipeline, particularly for underserved areas and populations, and reduce barriers to practice including by funding programs that can increase the primary care provider pipeline, particularly for underserved areas and populations, as well as reducing barriers to practice for advanced-practice providers.

Increase spending for primary care including higher payment rates, rebalanced payment towards primary care, and greater use of capitated payments, to increase wages for primary care clinicians and fund support teams to reduce clinician administrative burden.

Key Findings from *A Dire Diagnosis: The Declining Health of Primary Care in Massachusetts and the Urgent Need for Action*

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ADJOURN

2025 Hearing on the Health Care Cost Growth Benchmark

Thursday, March 13 at 12:00 PM

Gardner Auditorium

Massachusetts State House

Chapter 224 prescribes the formula that the HPC must use to establish the benchmark each year. Since 2018, the HPC has had authority to modify the benchmark if an adjustment is "reasonably warranted."

For the years 2023 through 2032, the health care cost growth benchmark will be set equal to potential gross state product (PGSP), or 3.6%, unless the HPC determines that an adjustment to the benchmark is reasonably warranted. In that case, the HPC Board may choose to modify the benchmark to any amount.

To sign up to provide in-person public testimony, please email HPC-Testimony@mass.gov