

Performance of the Massachusetts Health Care System

March 13, 2025

Introduction



- Established under Chapter 224 of the Acts of 2012 as an independent agency charged with **collecting, analyzing, and disseminating health care information**
 - » *Resource to policymakers, researchers, industry at large*
 - » *Health Policy Commission (HPC) established as policy counterpart*



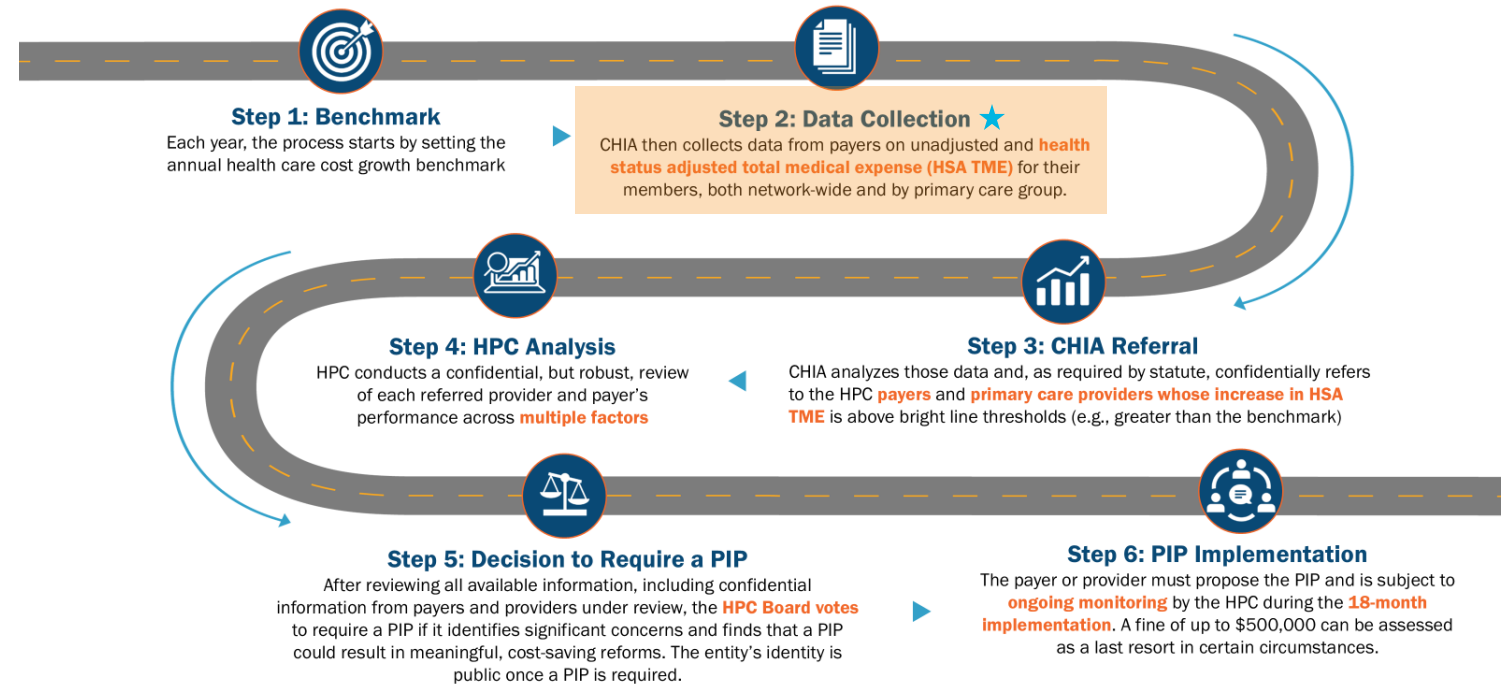
- CHIA **collects and maintains multiple data assets** including but not limited to All-Payer Claims Database (APCD), Hospital Case Mix, provider financials and cost reports, surveys (e.g., health insurance, workforce, employer), and payer aggregate data



- Data supports a **variety of analytics and reporting** including but not limited to:
 - » *Measurement of health care spending*
 - » *Hospital utilization rates and financial performance*
 - » *Mandated benefit reviews*
 - » *Priority initiatives related to health care workforce and trends in primary care*

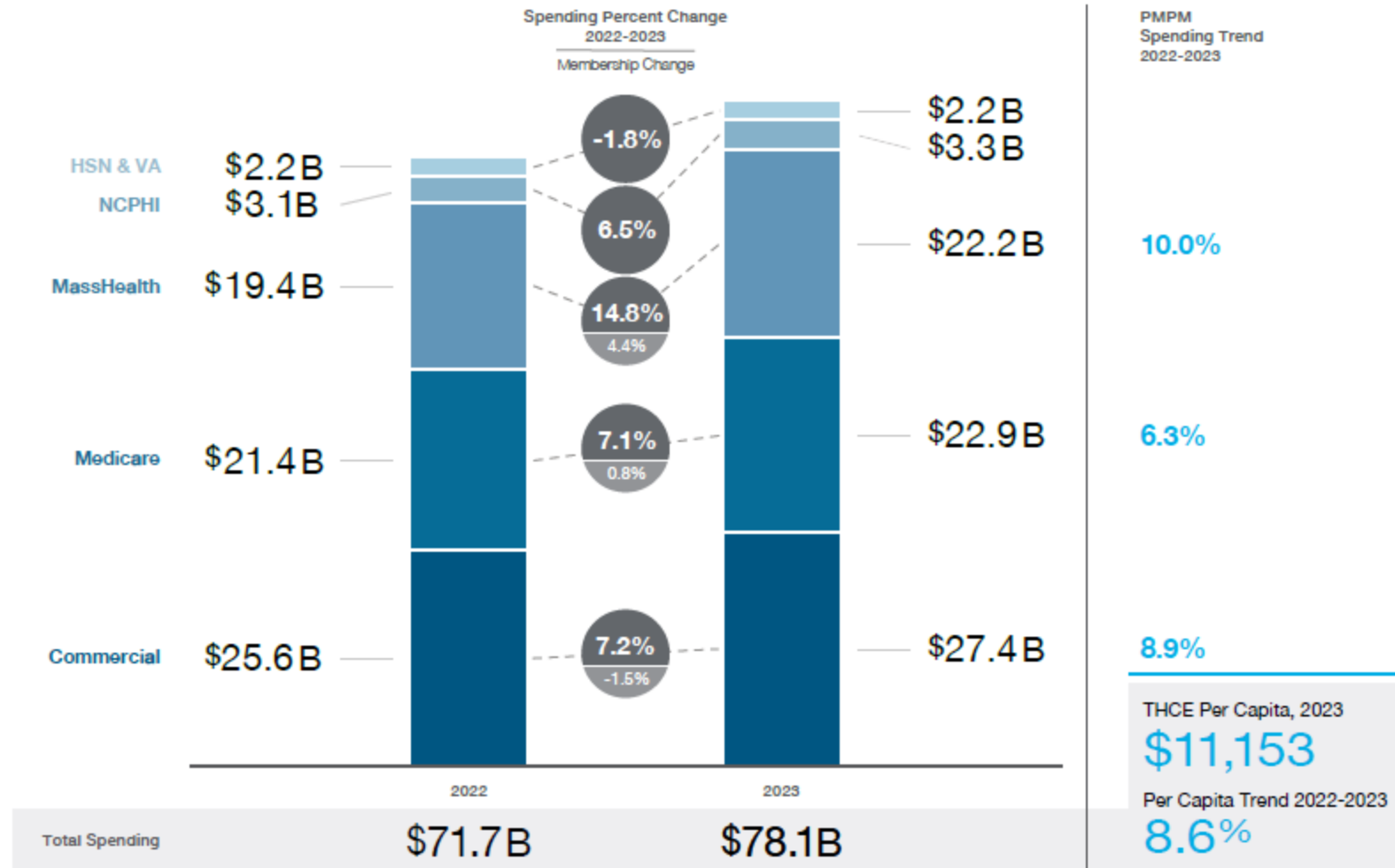
Introduction (Cont.)

- CHIA's **Annual Report on the Performance of the Massachusetts Health Care System** is the agency's most comprehensive examination of health care cost, coverage, and quality trends.
- The report includes the calculation of **Total Health Care Expenditures (THCE)** and payer and provider performance relative to the health care cost growth benchmark.



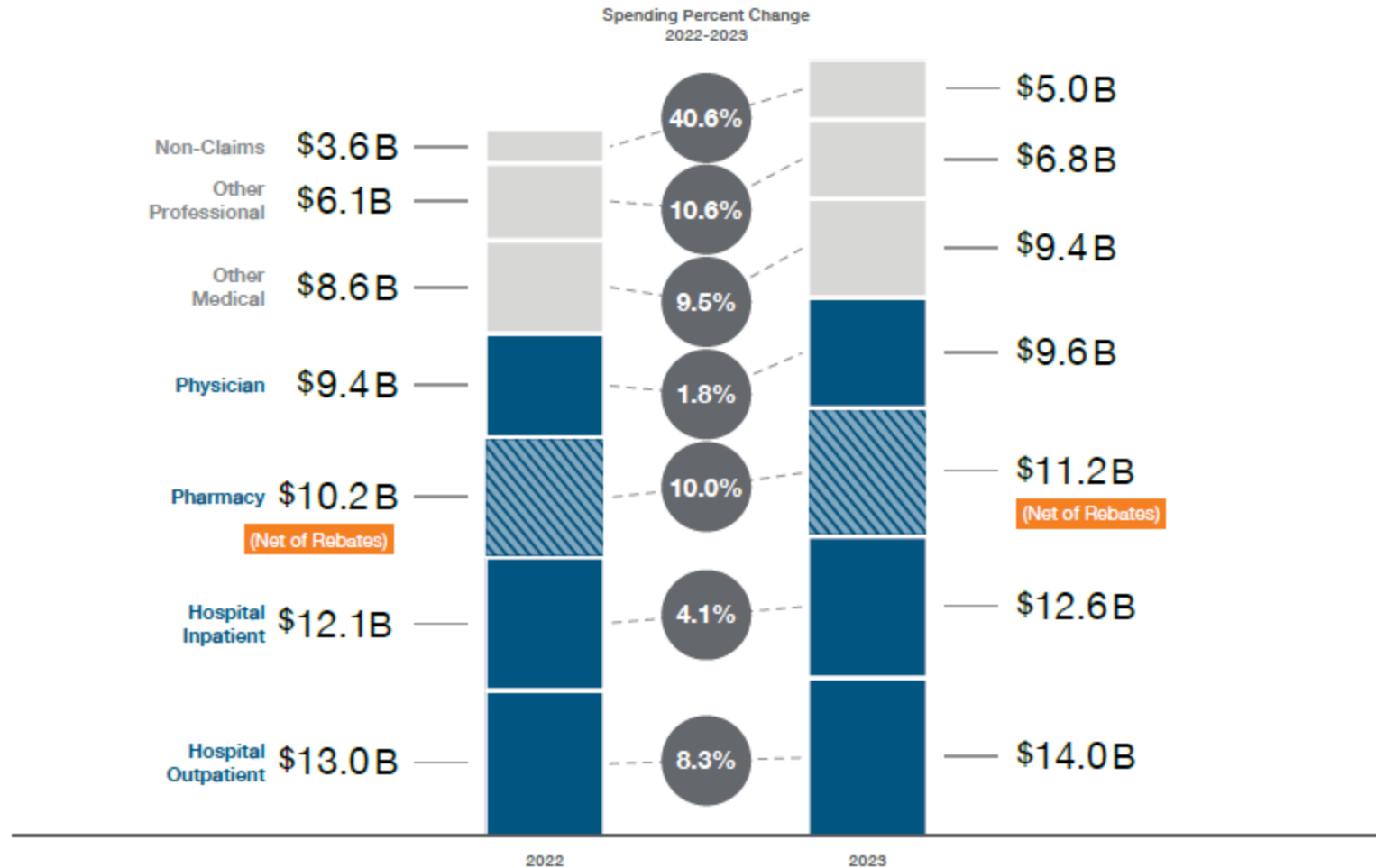
Total Health Care Expenditures

Components of Total Health Care Expenditures, 2022-2023



THCE increased 8.6%, totaling \$78.1 billion or \$11,153 per resident in 2023.

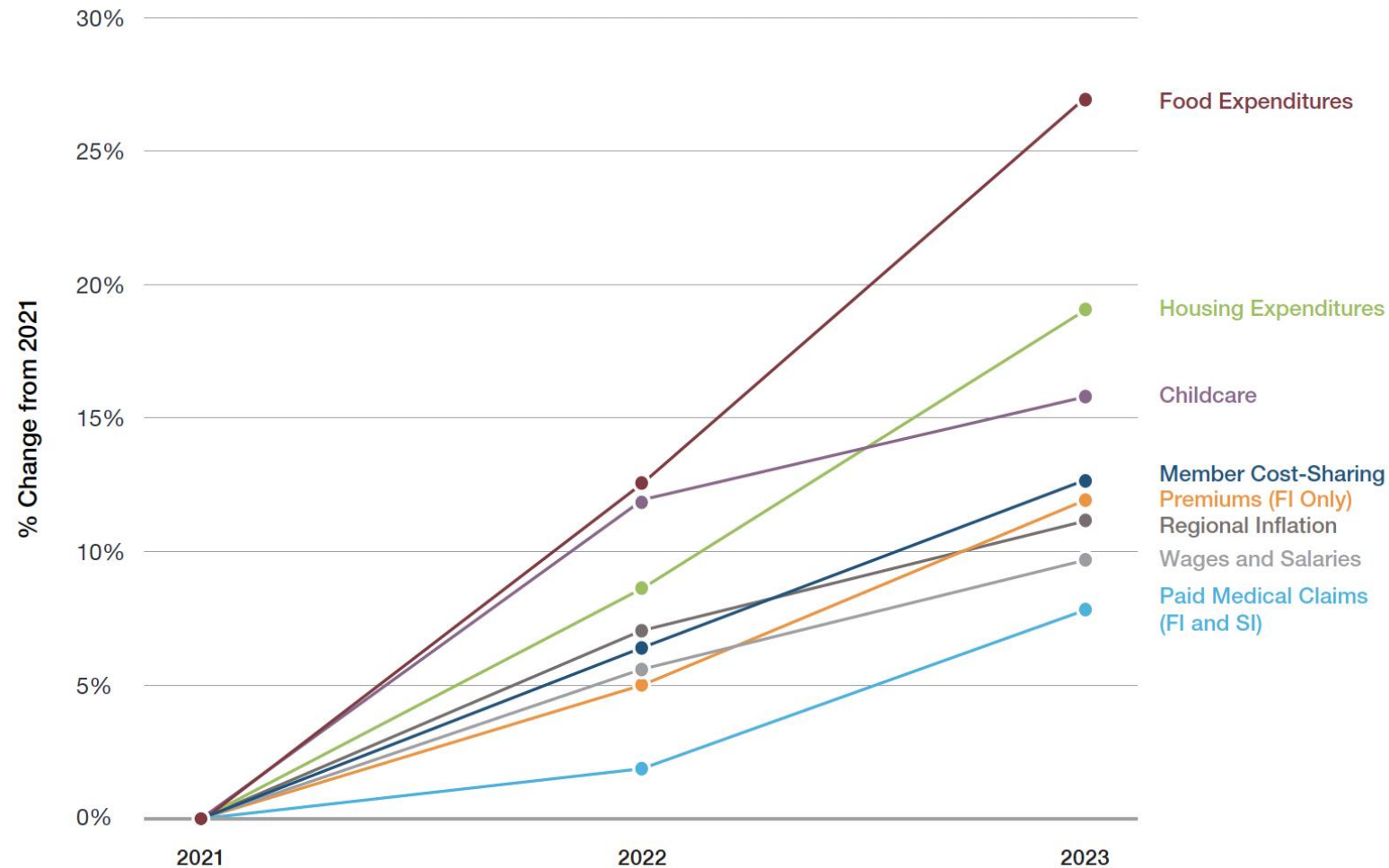
Spending by Service Category: Net of Prescription Drug Rebates, 2022-2023



Non-claims, hospital outpatient, and pharmacy were the top drivers of spending growth, each increasing by more than \$1 billion in 2023.

Affordability

Affordability in Context, 2021-2023



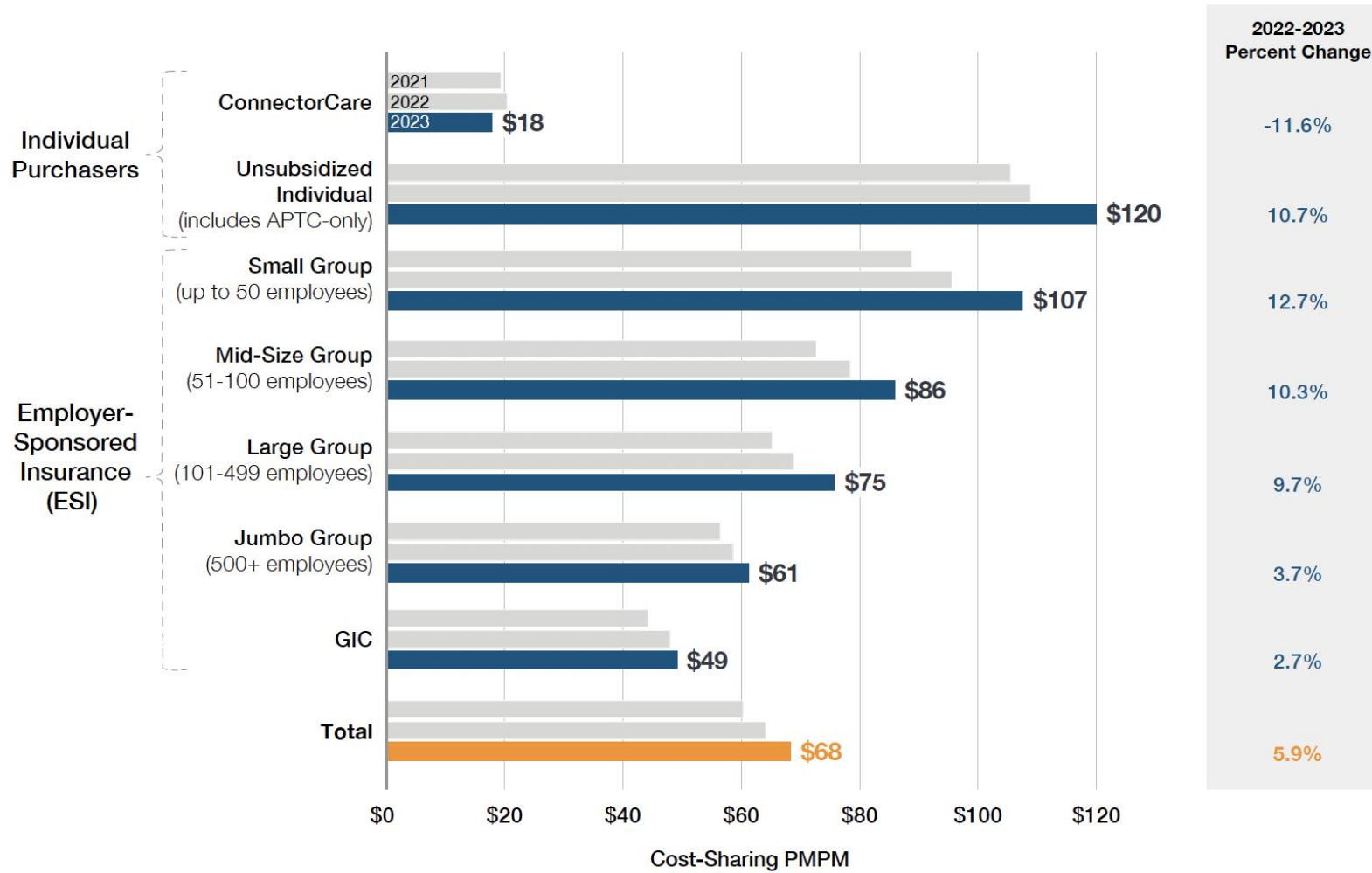
From 2021-2023, premiums and cost-sharing increased faster than wages and salaries as well as regional inflation.

Fully Insured Premiums by Market Sector, 2021-2023



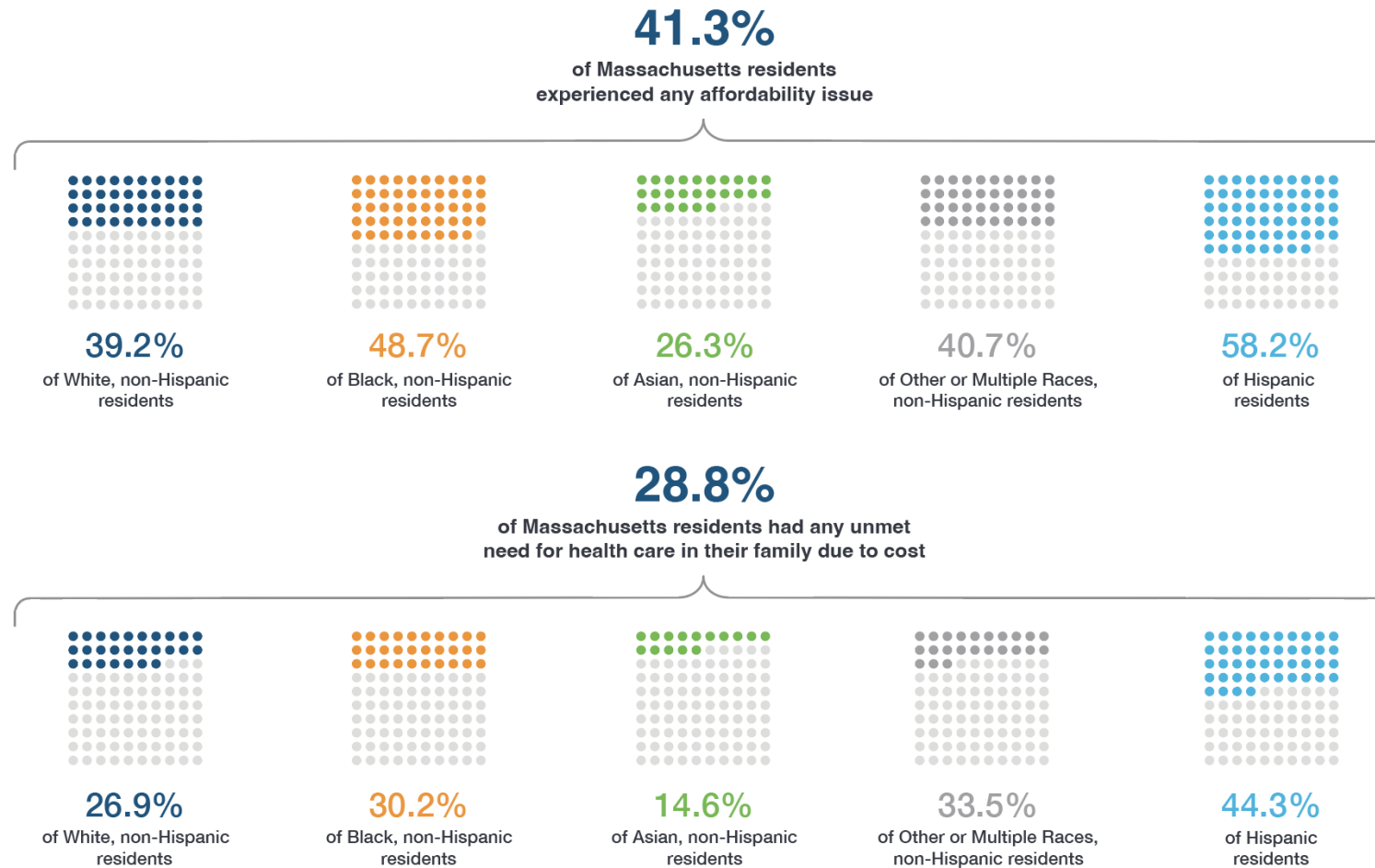
The Unsubsidized Individual and Small Group market sectors had the highest premium growth in 2023.

Member Cost-Sharing by Market Sector, 2021-2023



In 2023, member cost-sharing increased the fastest in the same two market sectors (Unsubsidized Individual and Small Group).

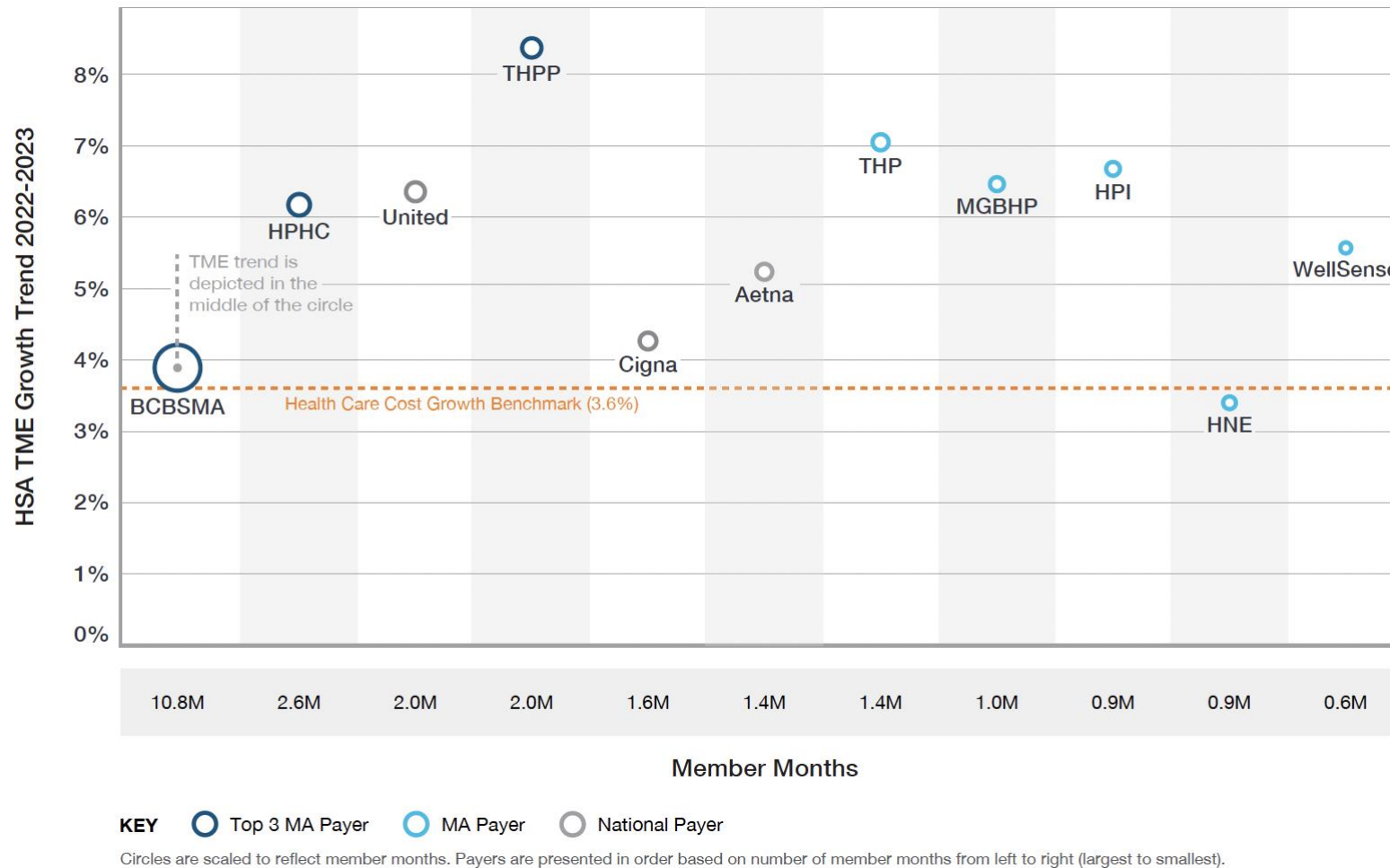
Affordability Issues Among Residents, by Race and Ethnicity, 2023



Health care affordability challenges disproportionately burden Hispanic residents and non-Hispanic Black residents.

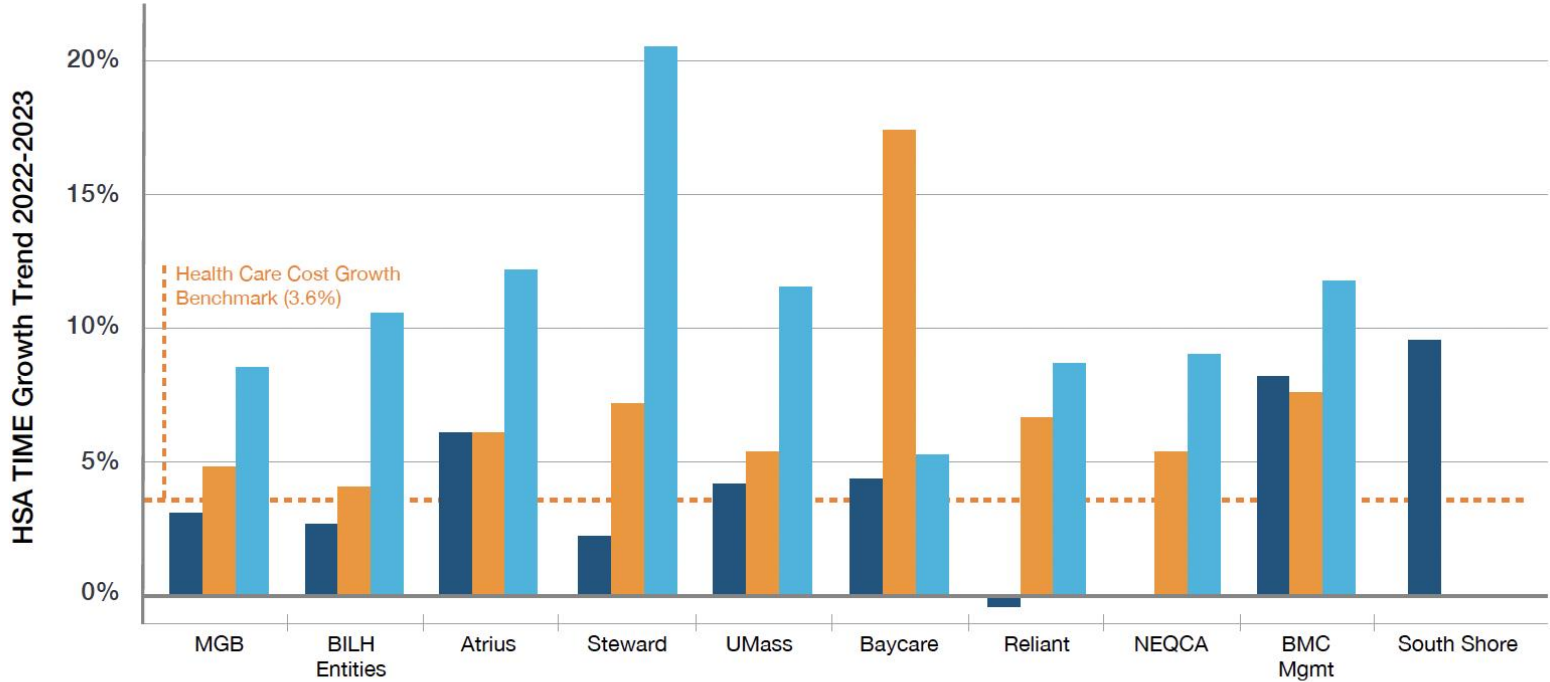
Payer & Provider TME Trends

Trends in Commercial HSA TME by Payer, 2022-2023



Nearly all (10 of 11) commercial payers reported health care spending above the 3.6% benchmark in 2023.

Trends in Managing Physician Group Commercial HSA TME, 2022-2023



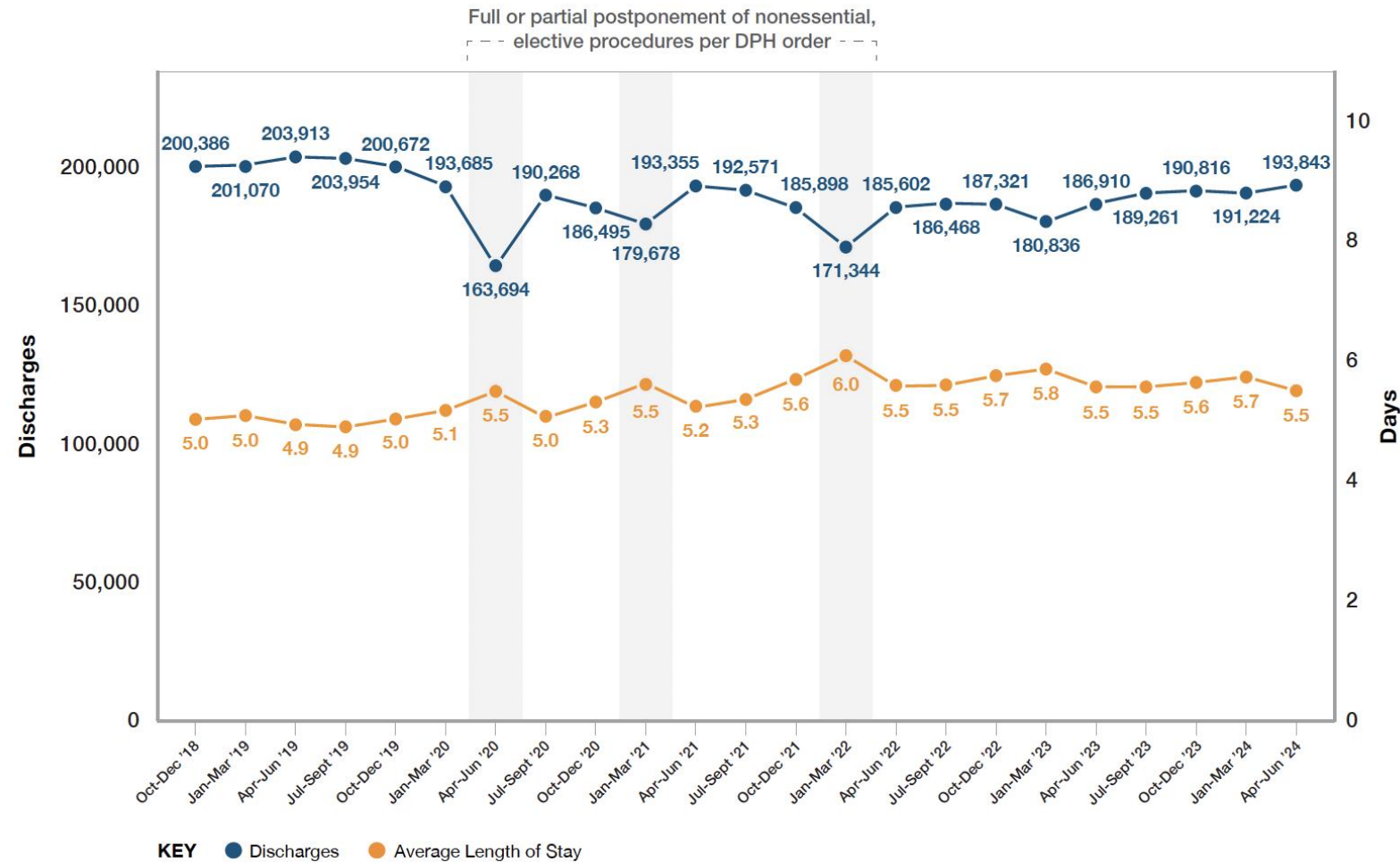
Nearly all (9 of 10) of the largest physician groups reported health care spending above the 3.6% benchmark in 2023.

BCBSMA, HPHC, and THP Share of Group's Managed Member Months	90.8%	75.6%	86.3%	70.6%	87.3%	53.3%	91.1%	54.9%	68.7%	100.0%
Total Managed Member Months in 2023	2.8M	2.1M	1.6M	1.3M	0.7M	0.5M	0.5M	0.4M	0.3M	0.3M

KEY BCBSMA HPHC THP

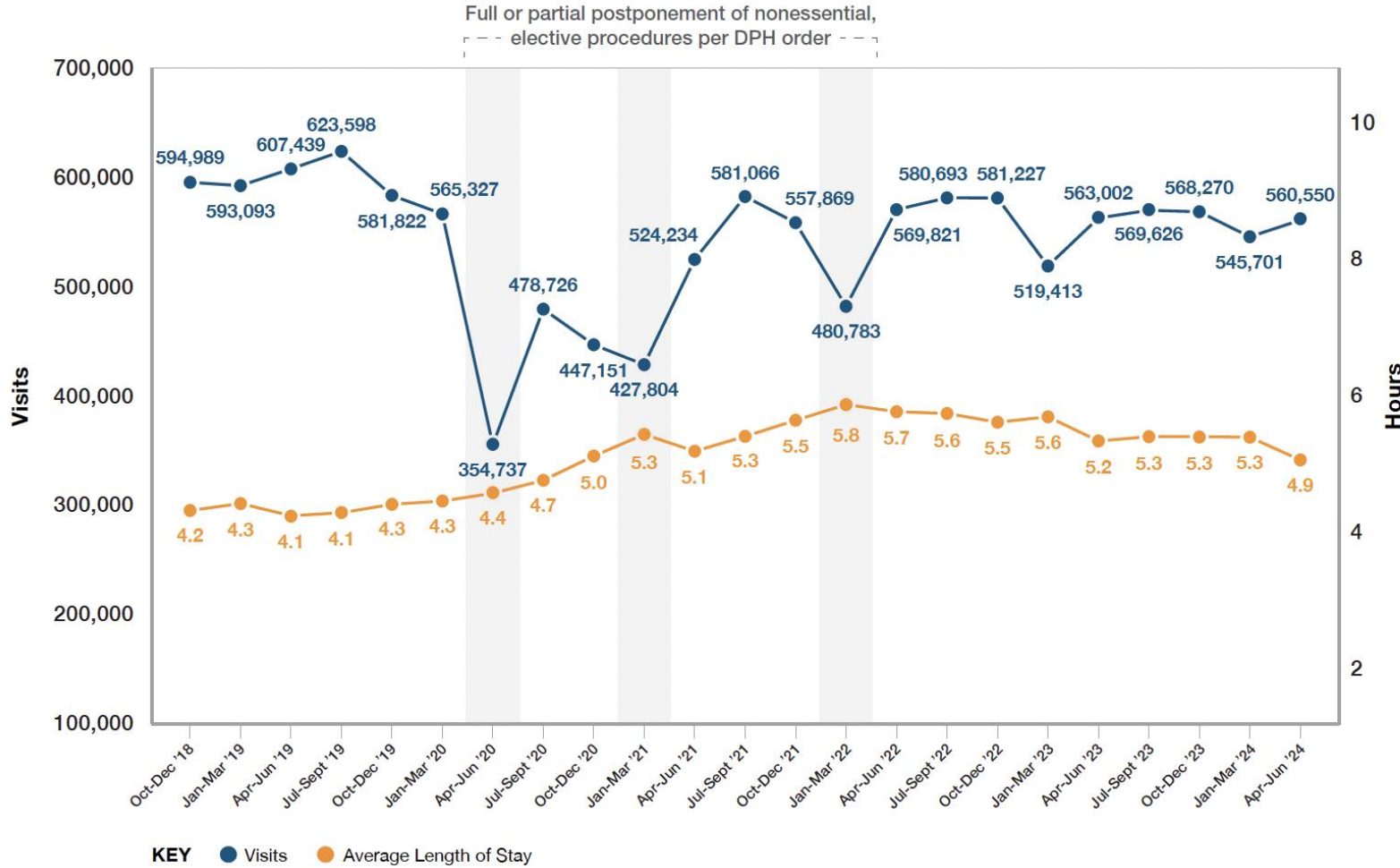
Hospital Trends

Total Acute Care Hospital Inpatient Discharges, October 2018-June 2024



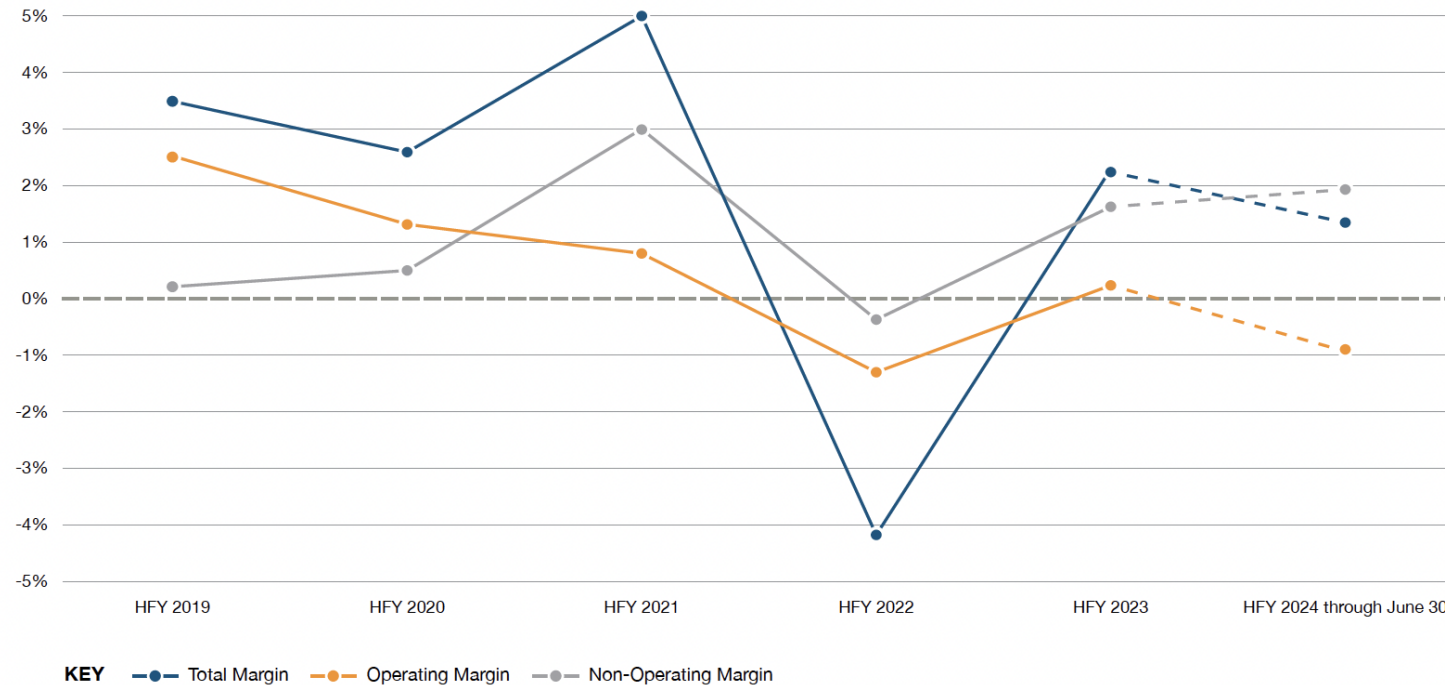
Inpatient discharges are lower, while the average length of stay is >10% higher, than pre-pandemic levels.

Total Acute Care Hospital Emergency Department Treat-and-Release Visits, October 2018-June 2024



ED visits are lower, while the average length of stay is >10% higher, than pre-pandemic levels.

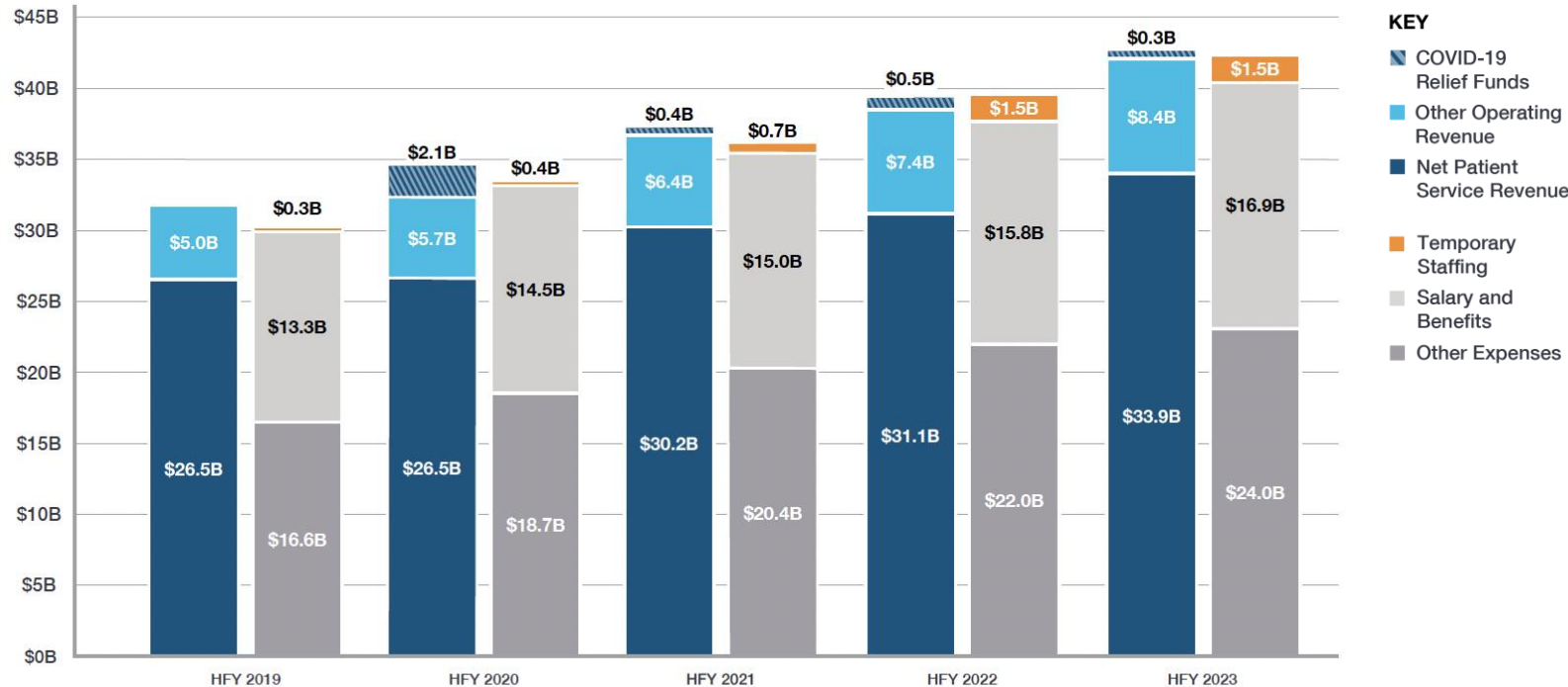
Acute Hospital Profitability Trends



Through June 2024, acute hospital profitability has declined following a 6.4 percentage point increase in HFY 2023.

Statewide Median	HFY 2019	HFY 2020	HFY 2021	HFY 2022	HFY 2023	HFY 2024 through June 30
Total Margin	3.5%	2.6%	5.0%	-4.2%	2.2%	1.4%
Operating Margin	2.5%	1.3%	0.8%	-1.3%	0.2%	-0.9%
Non-Operating Margin	0.2%	0.5%	3.0%	-0.4%	1.6%	1.9%

HFY 2019-2023 Hospital Operating Revenue and Expense Trends



In HFY 2023, acute hospital aggregate operating revenues exceeded aggregate expenses by \$190 million.