

# 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*



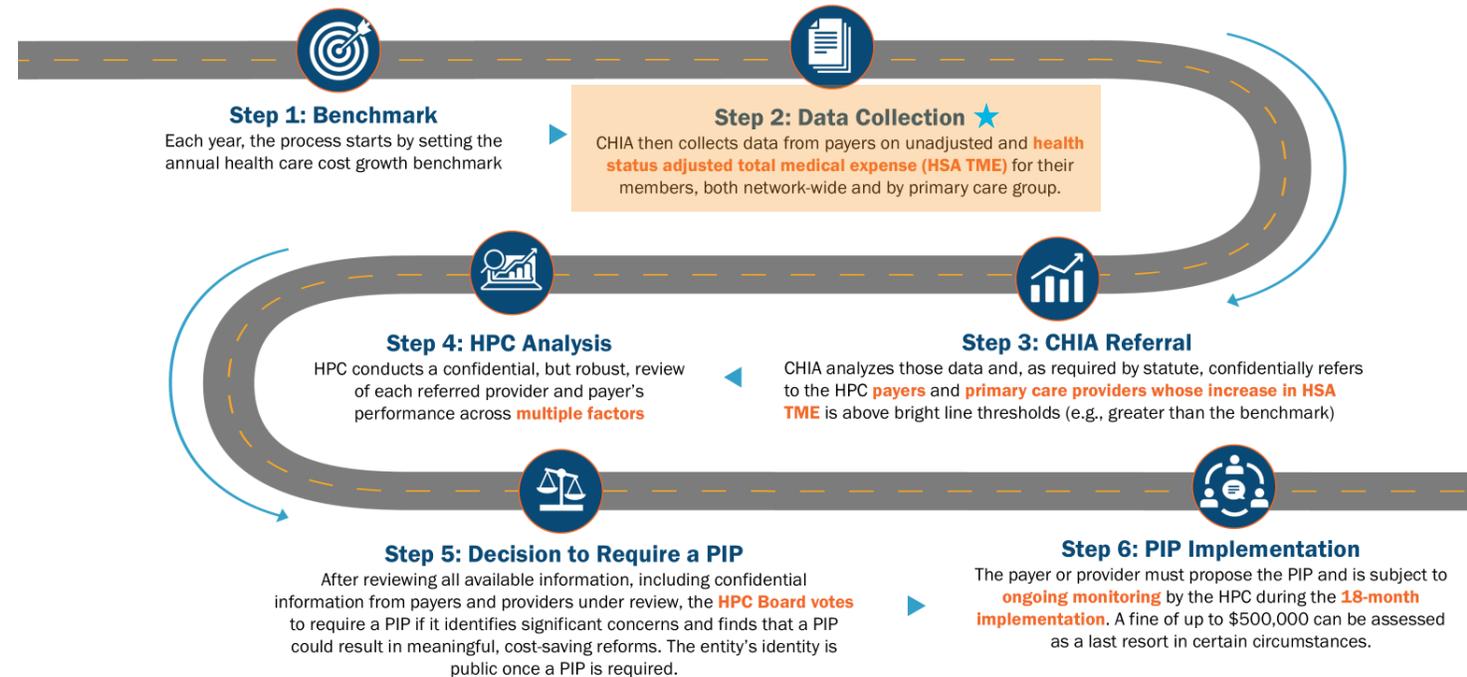
- CHIA **collects and maintains multiple data assets** including but not limited to All-Payer Claims Database (APCD), Hospital Case Mix, provider financials and cost reports, surveys (e.g., health insurance, workforce, employer), and payer aggregate data



- 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*

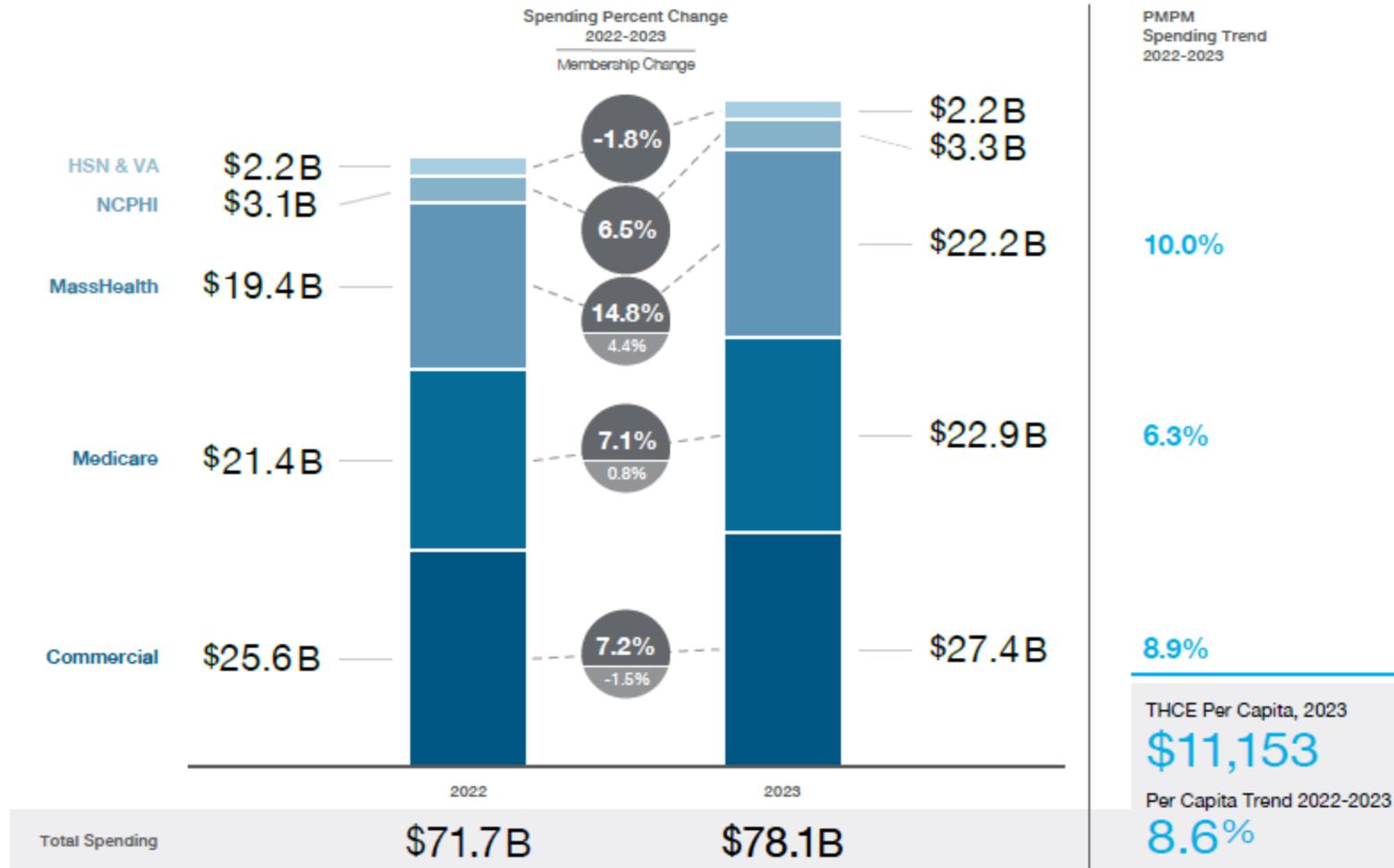
# Introduction (Cont.)

- 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

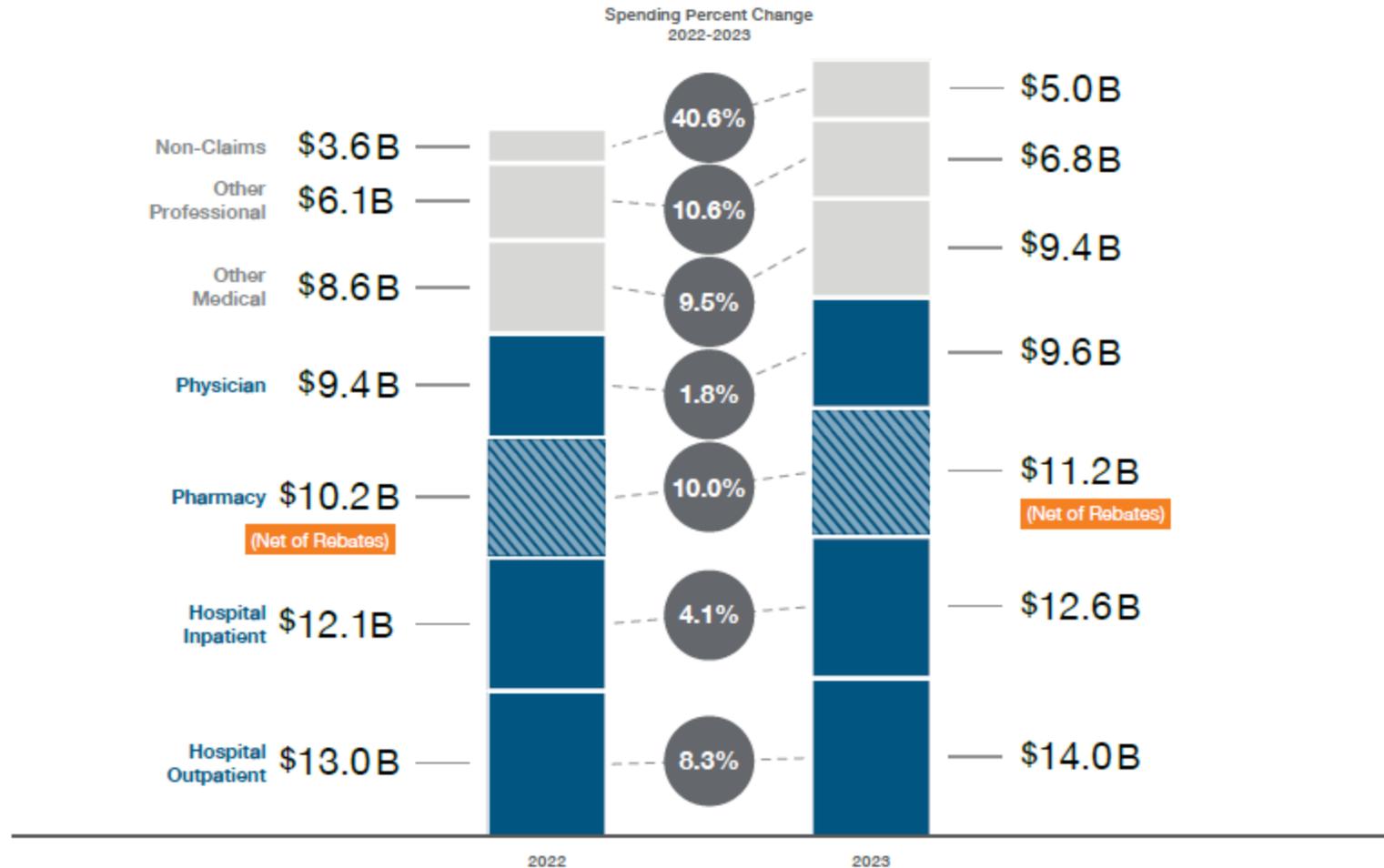
# Components of Total Health Care Expenditures, 2022-2023



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



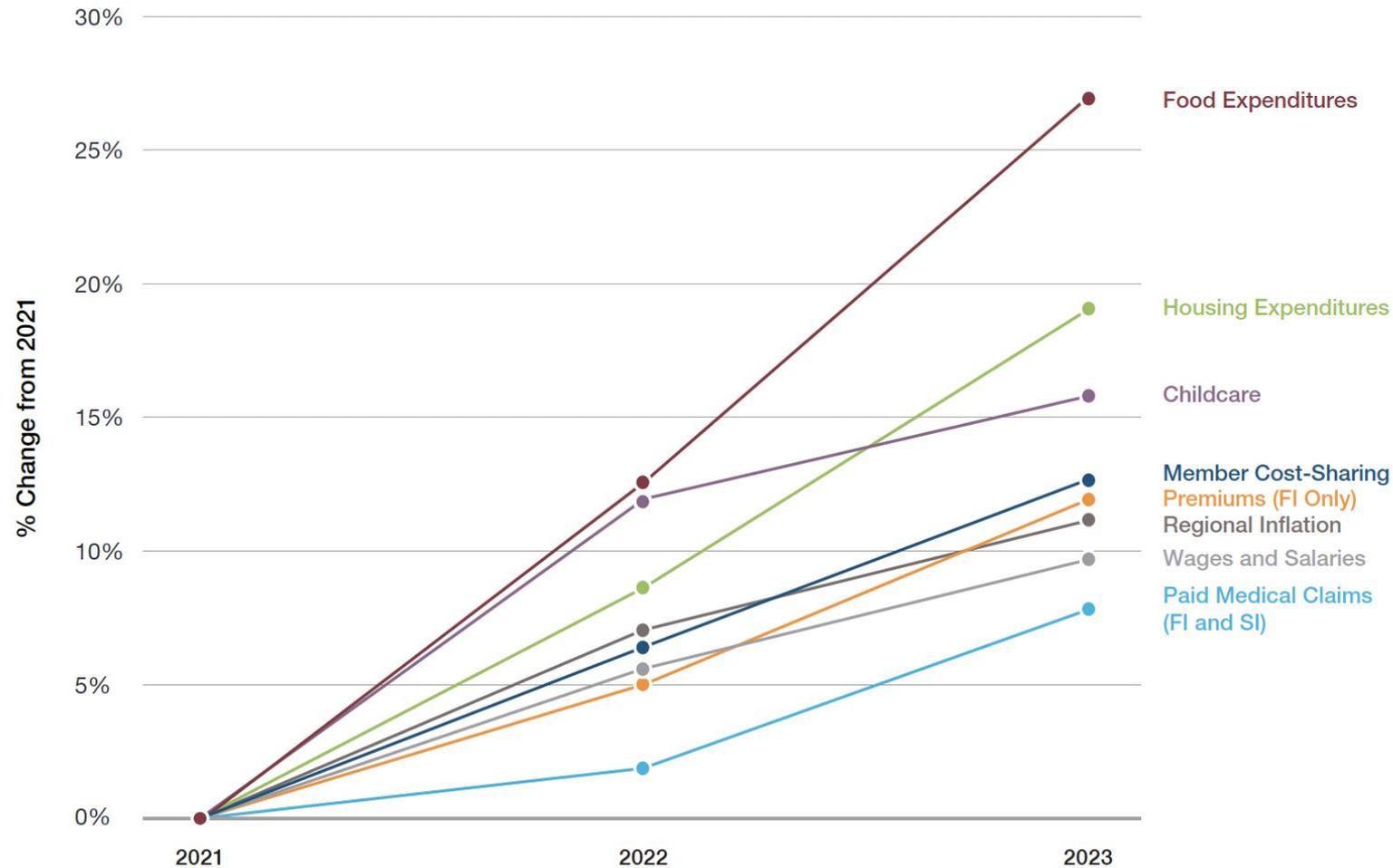
# Spending by Service Category: Net of Prescription Drug Rebates, 2022-2023



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

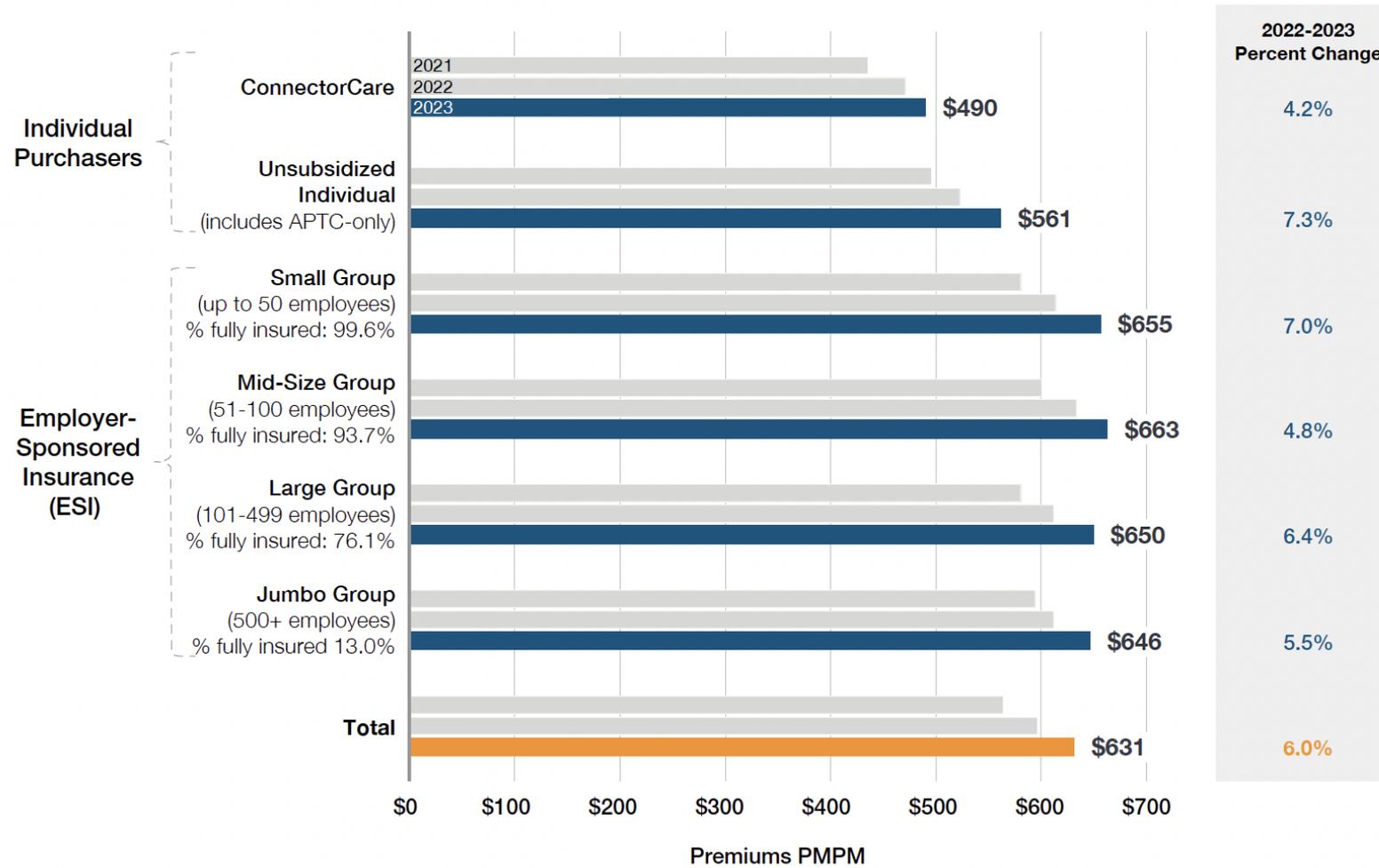
# Affordability

# Affordability in Context, 2021-2023



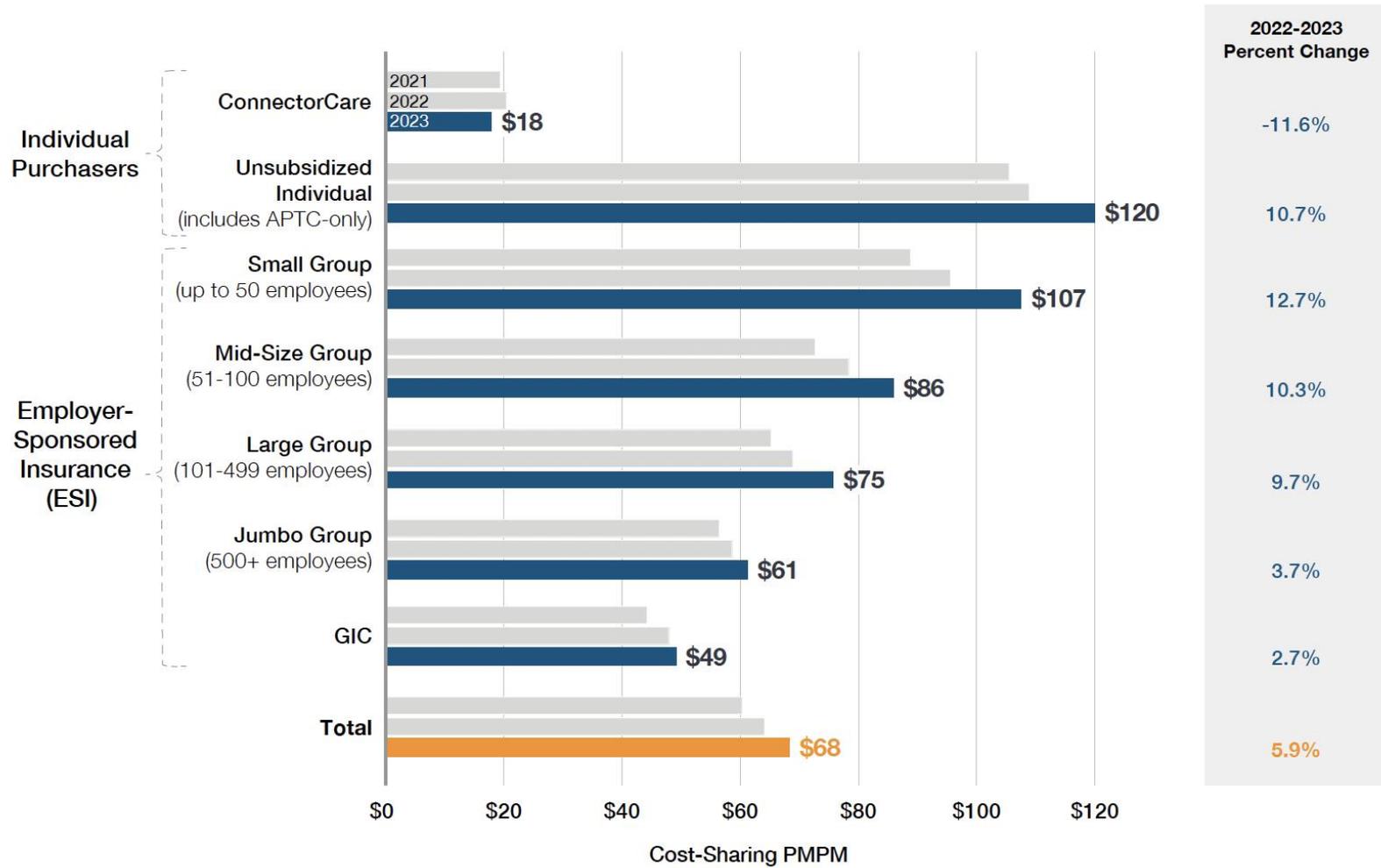
**From 2021-2023, premiums and cost-sharing increased faster than wages and salaries as well as regional inflation.**

# Fully Insured Premiums by Market Sector, 2021-2023



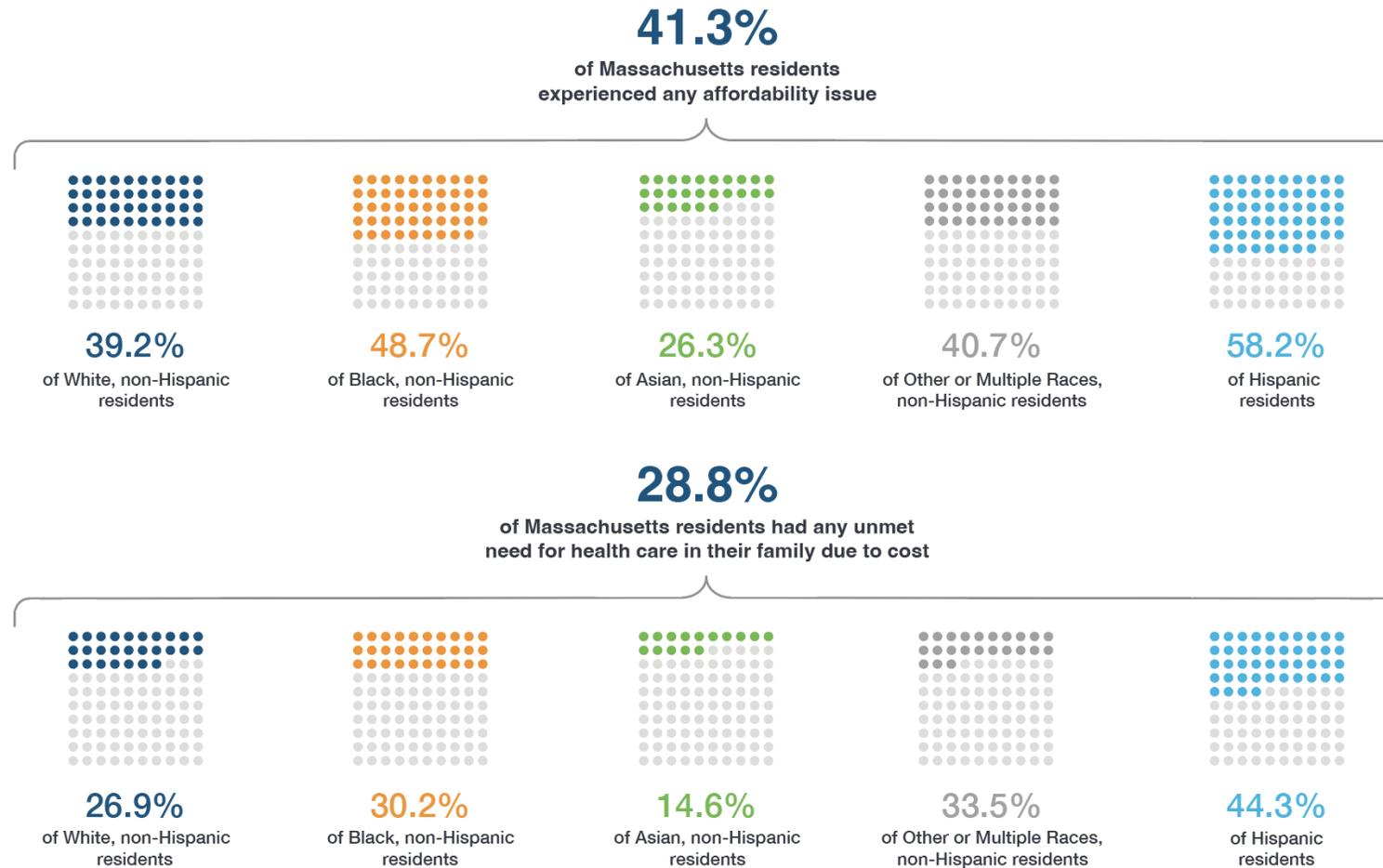
**The Unsubsidized Individual and Small Group market sectors had the highest premium growth in 2023.**

# 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).**

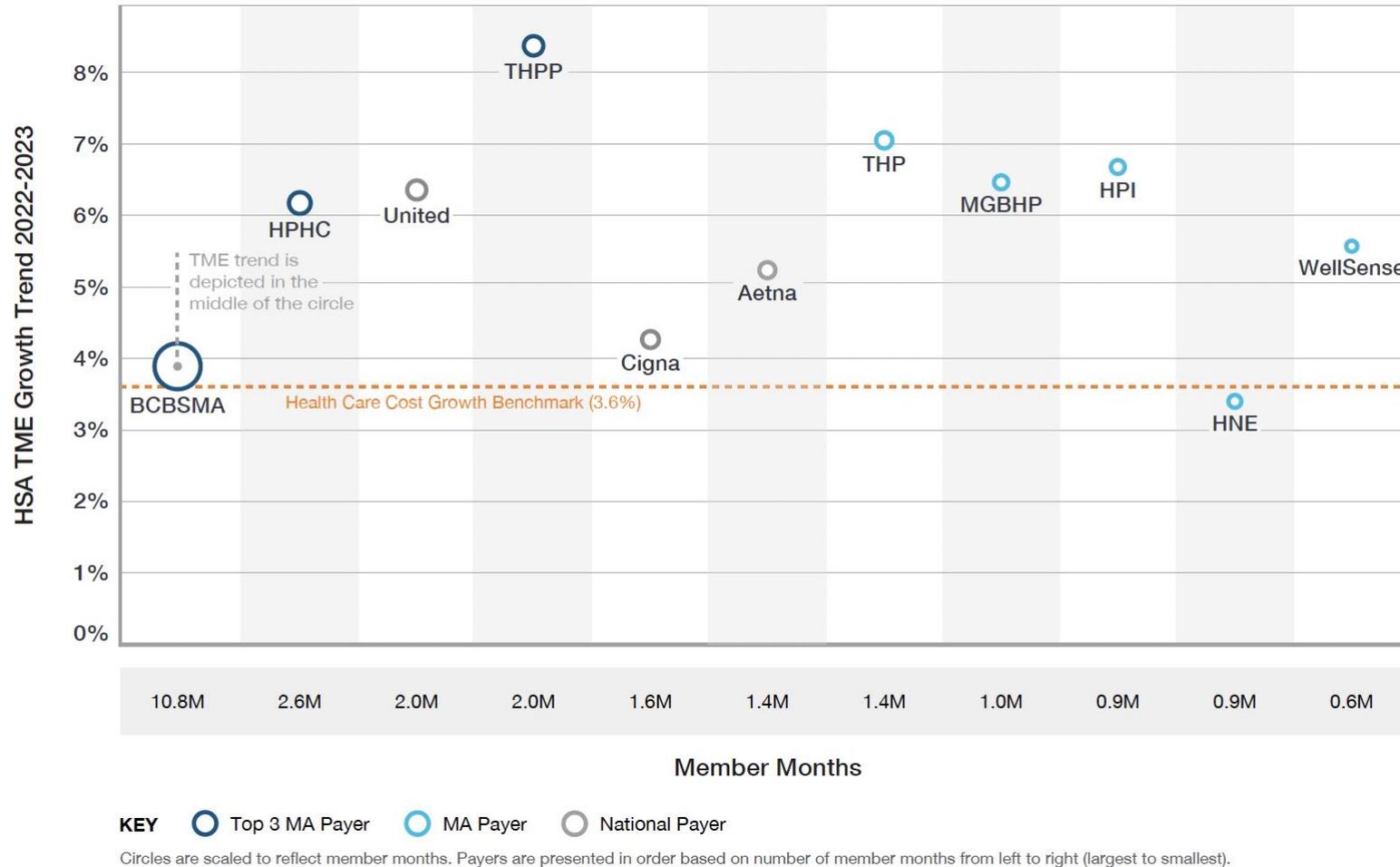
# Affordability Issues Among Residents, by Race and Ethnicity, 2023



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

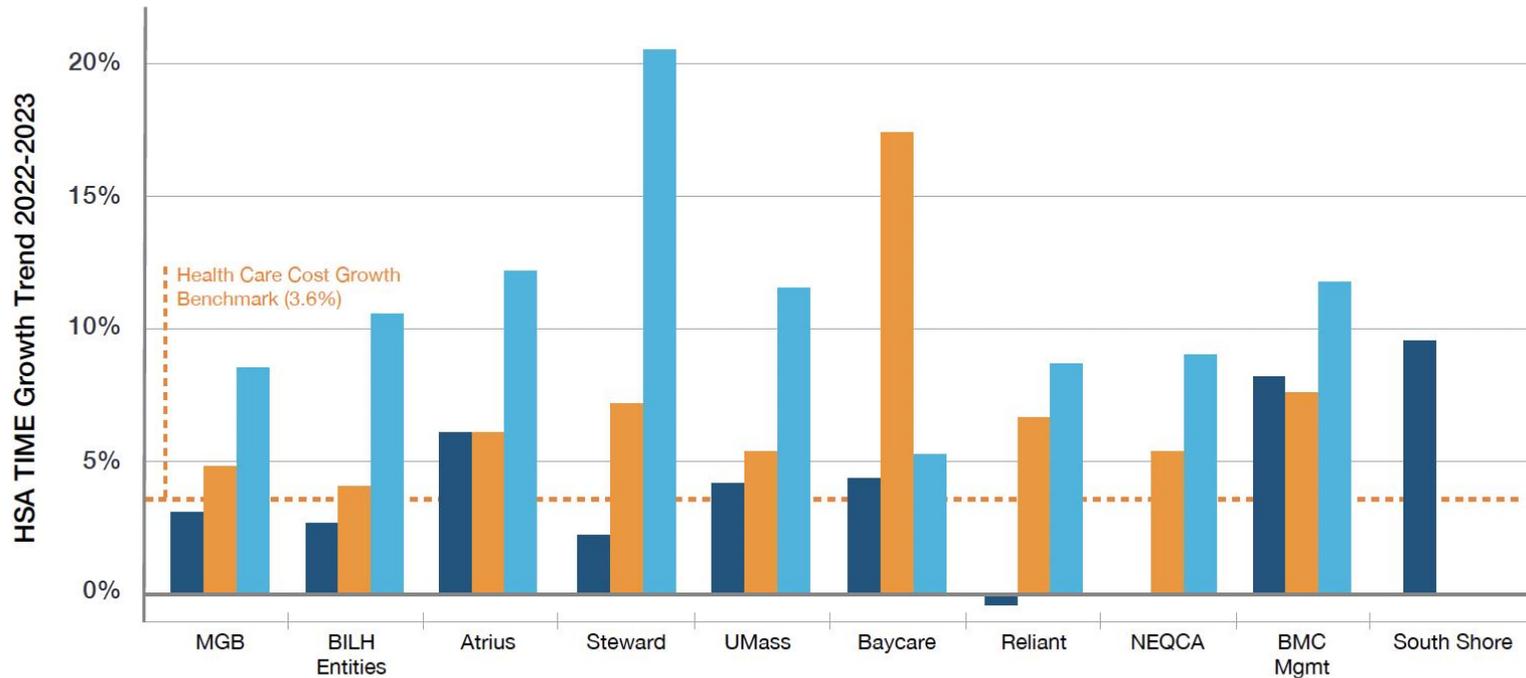
# Payer & Provider TME Trends

# 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



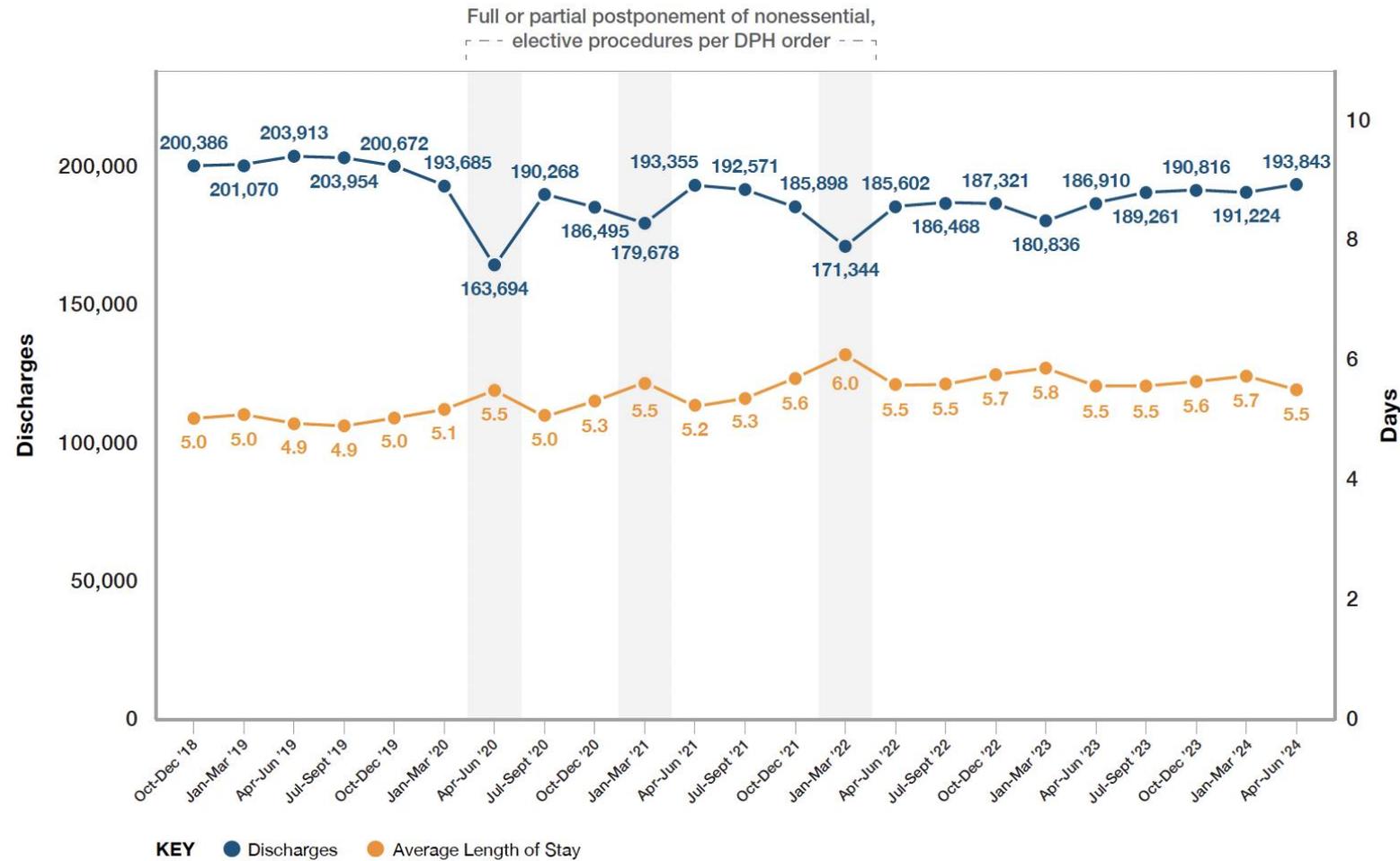
**Nearly all (9 of 10) of the largest physician groups reported health care spending above the 3.6% benchmark in 2023.**

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

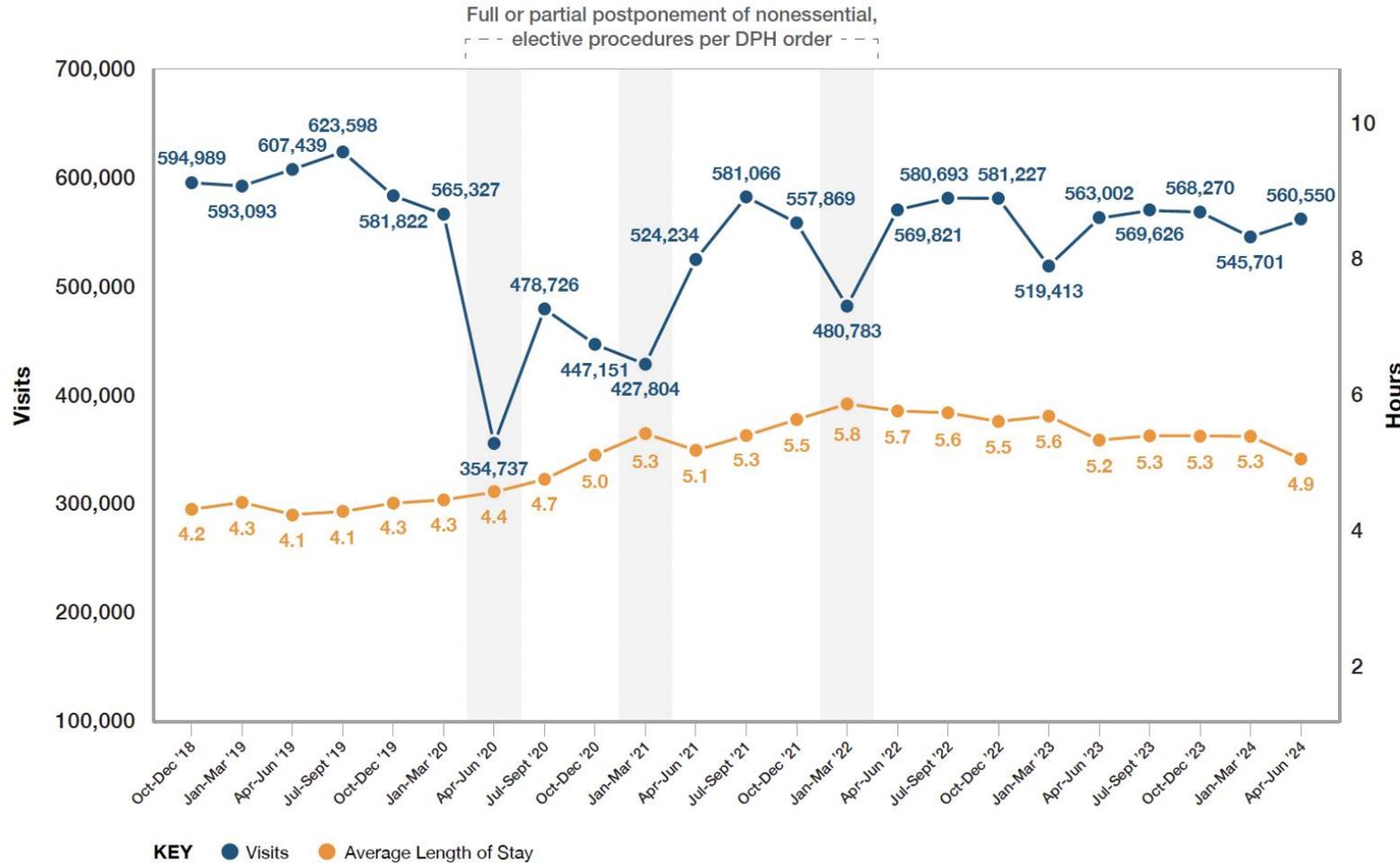
# Hospital Trends

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



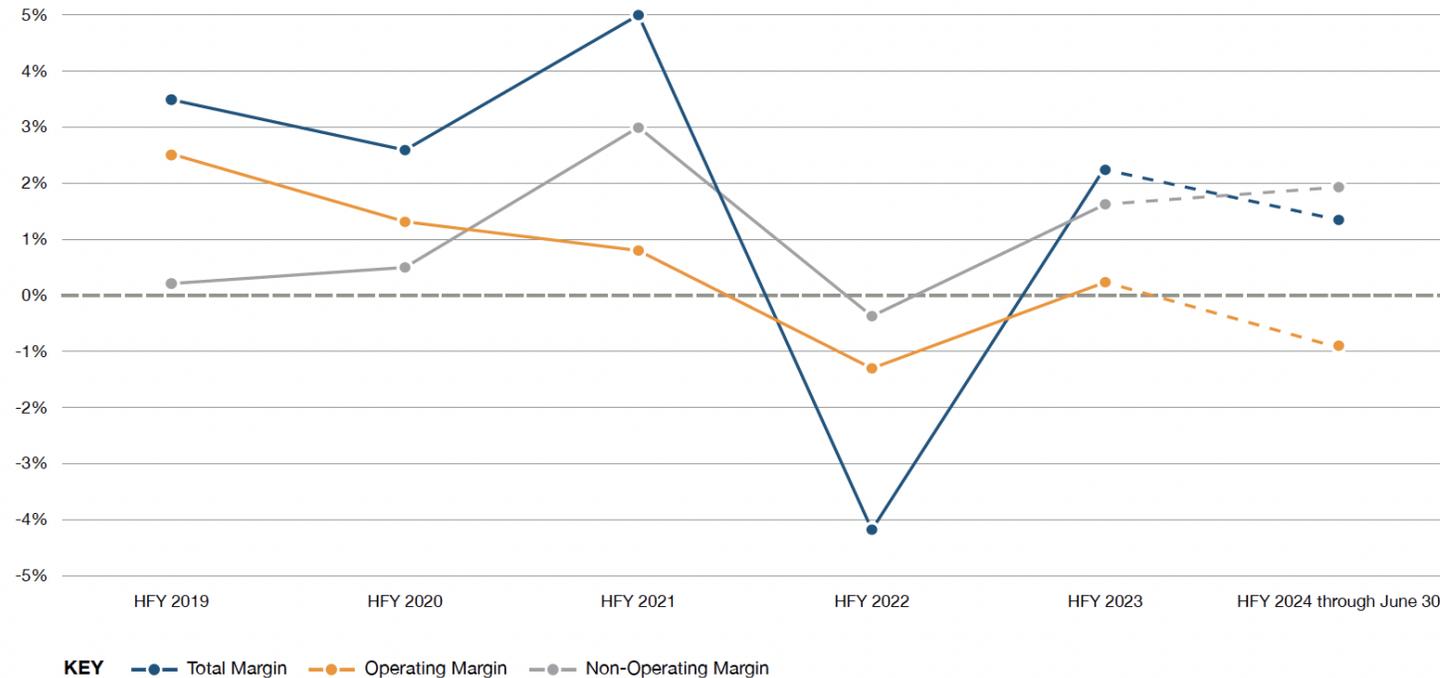
**Inpatient discharges are lower, while the average length of stay is >10% higher, than pre-pandemic levels.**

# 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.**

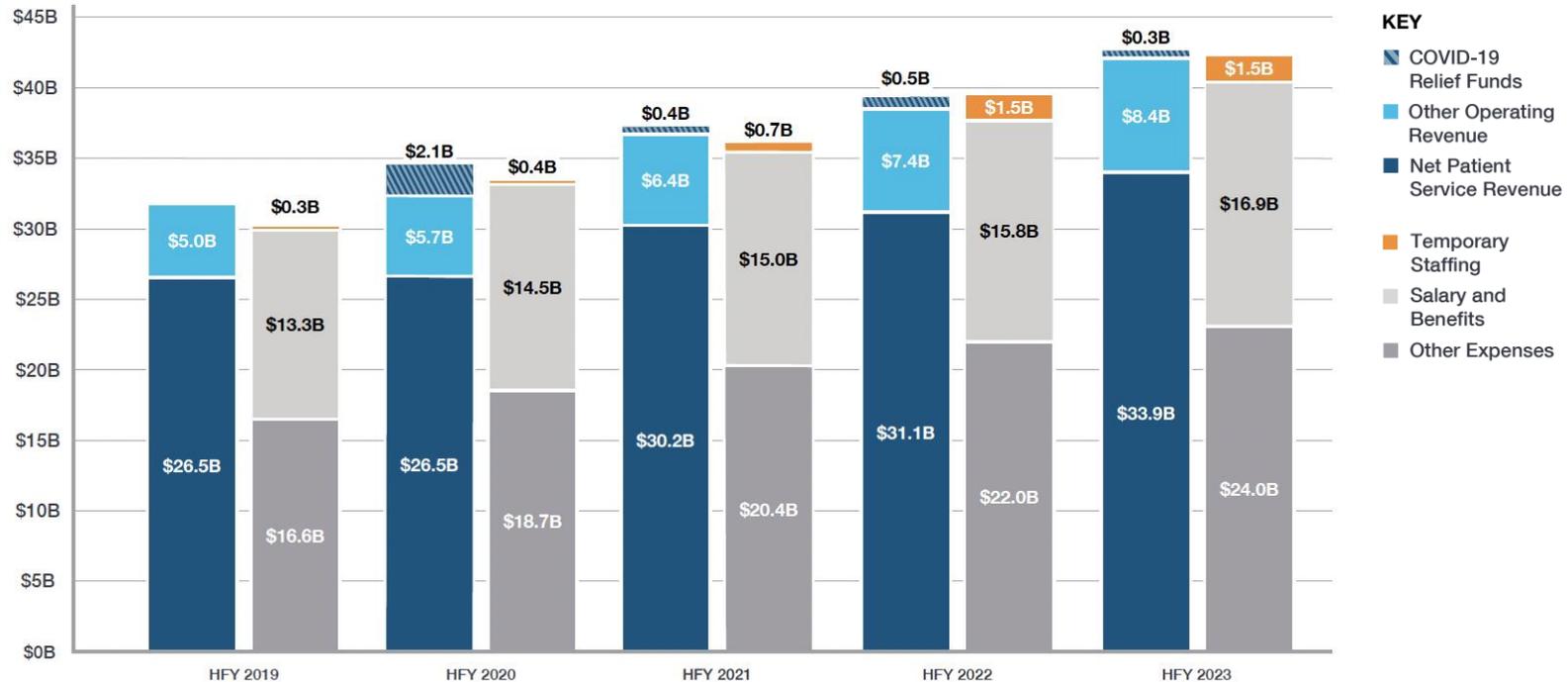
# Acute Hospital Profitability Trends



**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



Total Operating Revenue	\$31.5B	\$34.3B	\$37.0B	\$39.0B	\$42.6B
Total Expenses	\$30.3B	\$33.7B	\$36.2B	\$39.4B	\$42.4B

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