



MASSACHUSETTS
HEALTH POLICY COMMISSION

**PERFORMANCE
IMPROVEMENT PLAN
FINAL EVALUATION:
MASS GENERAL
BRIGHAM**

DECEMBER 12, 2024

About the Health Policy Commission

The Massachusetts Health Policy Commission (HPC), established in 2012, is an independent state agency charged with monitoring health care spending growth in Massachusetts and providing data-driven policy recommendations regarding health care delivery and payment system reform. The HPC is committed to better health and better care – at a lower cost – for all residents of the Commonwealth. Through market oversight, data-driven analysis, and independent policy insights, our goal is to make health care more affordable, transparent, and equitable. For more information, visit <https://masshpc.gov>.

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Introduction

Massachusetts has long been recognized as a leading state for health care access and innovation. However, the high cost of the Commonwealth's health care system has been and remains a significant challenge, causing financial strain for individuals and families as well as employers and businesses, increasing medical debt, contributing to growing disparities, leading to avoidance of necessary medical care, and more.

Recognizing the dual goals of enhancing access to high quality health care in Massachusetts, while ensuring the long-term affordability, the Commonwealth undertook a novel and ambitious strategy for reducing health care spending growth. In 2012, Massachusetts was the first state to create a statewide "health care cost growth benchmark" designed to help bring the growth in health care spending in line with the growth in the state's overall economy. The legislation also created the Health Policy Commission (HPC), a new independent state agency, to develop policy to reduce health care spending growth while improving access to high quality, equitable care, including by setting the benchmark each year for the statewide growth in Total Health Care Expenditures (THCE).¹ Beginning in 2016, the HPC, along with the state's Center for Health Information and Analysis (CHIA), was also charged with annually reviewing individual payer and provider organization performance relative to the health care cost growth benchmark.

During this annual accountability process, the HPC conducts a confidential, robust review across multiple factors of all payers and providers referred to it for high spending growth, including by examining their performance over time. This process affords the HPC the opportunity to engage directly with payers and providers to understand the drivers of health care spending and to encourage both to drive towards greater efficiency. Based on its findings, the HPC may also require a Performance Improvement Plan (PIP) of an organization where it identifies significant concerns regarding that organization's spending performance and finds that a PIP could result in meaningful, cost-saving reforms.

This document presents the HPC's findings regarding the Commonwealth's first-ever PIP. In January 2022, the HPC voted to require a PIP from the state's largest health care system, Mass General Brigham (MGB). Since that time, and as described further in this document, MGB has worked closely and collaboratively with the HPC to define and implement a set of activities to meaningfully reduce its spending during the 18-month PIP implementation period of October 2022 to March 2024. The HPC recognizes that this work was completed during a time of significant challenges in the state's health care system. Ongoing recovery from the COVID-19 pandemic, staffing shortages, inflation, and capacity constraints, particularly in post-acute settings, created unprecedented strain on many health care providers throughout Massachusetts during this time period. Nonetheless, MGB maintained its commitment to the process and, as detailed throughout the remainder of this document, MGB generally implemented its interventions and achieved savings in line with expectations. Based on these findings, in December 2024, the HPC voted to determine that MGB's PIP was successful.

¹ THCE includes health care spending by individuals (e.g., co-payments, co-insurance, and insurance deductibles), health insurers (e.g., claims, administrative expenses, incentive payments), the state (e.g., MassHealth), and the federal government (e.g., MassHealth and Medicare).

This report is organized into four key sections. Section 1 provides an overview of the HPC's PIP authority and process. Section 2 describes the factors that led the HPC to require that MGB file a PIP. Section 3 summarizes MGB's PIP strategies and reported savings. Section 4 contains the HPC's findings regarding MGB's PIP. Consistent with the HPC's obligation to perform a balancing test before disclosing confidential information, this report represents a limited public summary of more extensive confidential information and analyses.

The HPC now releases this report to contribute important information into the public dialogue as providers, payers, government, consumers, and other stakeholders strive to reduce spending growth and develop a more affordable, effective, and accountable health care system for the future.

Acronyms, Abbreviations, and Naming Conventions

AMC	Academic Medical Center
BCBSMA	Blue Cross Blue Shield of Massachusetts
BWH	Brigham and Women's Hospital
CHIA	Center for Health Information and Analysis
CMR	Code of Massachusetts Regulations
CT	Computed Tomography
HPC	Health Policy Commission
HPHC	Harvard Pilgrim Health Care
HSA TME	Health Status Adjusted Total Medical Expenses
iCMP	Integrated Care Management Program
MGB	Mass General Brigham
MGB Health Plan	Mass General Brigham Health Plan
MGH	Massachusetts General Hospital
MG West	Mass General Waltham
MRI	Magnetic Resonance Imaging
PCPO	Partners Community Physicians Organization
PIP	Performance Improvement Plan
PMPM	Per Member Per Month
SNF	Skilled Nursing Facility
THCE	Total Health Care Expenditures
THP	Tufts Health Plan
TME	Total Medical Expenses

Executive Summary

The Health Policy Commission (HPC) works to improve the affordability of health care for all residents of the Commonwealth and monitors system compliance with the state's health care cost growth benchmark. In January 2022, the HPC voted to require a Performance Improvement Plan (PIP) of Mass General Brigham (MGB), Massachusetts's largest health care provider organization, with a goal of delivering meaningful health care savings within 18 months. This was the first PIP required under the state's health care cost growth benchmark accountability process overseen by the HPC.

The HPC's key findings leading to that decision included that 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; that MGB also had higher absolute spending levels for its patients, as well as higher hospital and physician prices than most other providers; that price and mix (e.g., greater use of higher intensity settings or services) were the primary drivers of MGB's spending growth, rather than utilization; and that other factors considered (e.g., the acuity and payer mix of patients served, MGB's financial condition) did not mitigate concerns.

On the basis of these findings, the HPC determined that MGB's spending performance raised significant concerns, had likely already impacted the state's ability to meet the health care cost growth benchmark and, unless addressed, was likely to continue to impact the state's ability to meet the benchmark. The HPC concluded that a PIP could result in meaningful, cost-saving reforms.

MGB submitted an initial PIP proposal to the HPC in May of 2022, proposing a savings of \$105 million over an 18-month period.ⁱ After discussion with the HPC, MGB submitted a revised proposal in September 2022, proposing a savings of \$176.7 million.ⁱⁱ The HPC approved the updated proposal in September 2022 and MGB began implementation of the approved PIP on October 1, 2022.²

MGB undertook ten strategies to achieve its savings target, grouped into the categories of Price Reductions, Reducing Utilization, and Shifting Care to Lower Cost Sites. MGB also described efforts to control costs through the use of value-based care, but it did not quantify savings associated with these efforts. The majority of the target savings (\$125 million, 70%) was associated with four Price Reduction strategies. At the conclusion of the PIP implementation period, MGB submitted its own evaluation of its PIP, reporting that it had achieved total savings of \$197.1 million during the 18-month PIP implementation period, exceeding the target in its approved PIP of \$176.7 million.

The HPC is required to determine whether the PIP was successful,ⁱⁱⁱ and it may base its determination on a set of factors outlined in its regulation.^{iv} The HPC incorporated into each finding considerations of the impact of events outside of MGB's control, including lingering impacts of the COVID-19 pandemic, inflation, wage pressures, and labor shortages. The HPC now releases its findings on the success of the PIP, finding:

- 1. MGB implemented the PIP in good faith and achieved the savings target set forth in its approved PIP.** MGB implemented the strategies in its approved PIP and met with and provided updates to the HPC regularly throughout the PIP implementation period. The HPC closely analyzed MGB's savings methodologies and savings estimates and found that MGB achieved savings during the PIP implementation period in line with the expectations set forth in its approved PIP. Savings associated with addressing MGB's prices with commercial insurers had the most impact.

² For a summary of MGB's revised PIP proposal and the regulatory standard for approval, see:

https://masshpc.gov/sites/default/files/2023-04/20220927%20Board%20Meeting%20Presentation_vFinal.pdf

2. **During the PIP, MGB's spending growth was meaningfully reduced and MGB's pricing was likely modestly reduced relative to the market.** Though MGB's spending growth with local commercial payers exceeded the benchmark in 2023 based on preliminary Total Medical Expenses (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. MGB's contracted rate changes during the PIP likely slightly reduced its prices relative to the market for each of the local commercial payers, consistent with MGB's stated goal of decreasing price variation.

3. **MGB has provided evidence of sustainability at some level after the PIP, but long-term sustainability of the savings will depend on MGB's future pricing.** MGB has stated that it will continue implementing several of its strategies after the PIP, and 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. However, 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.

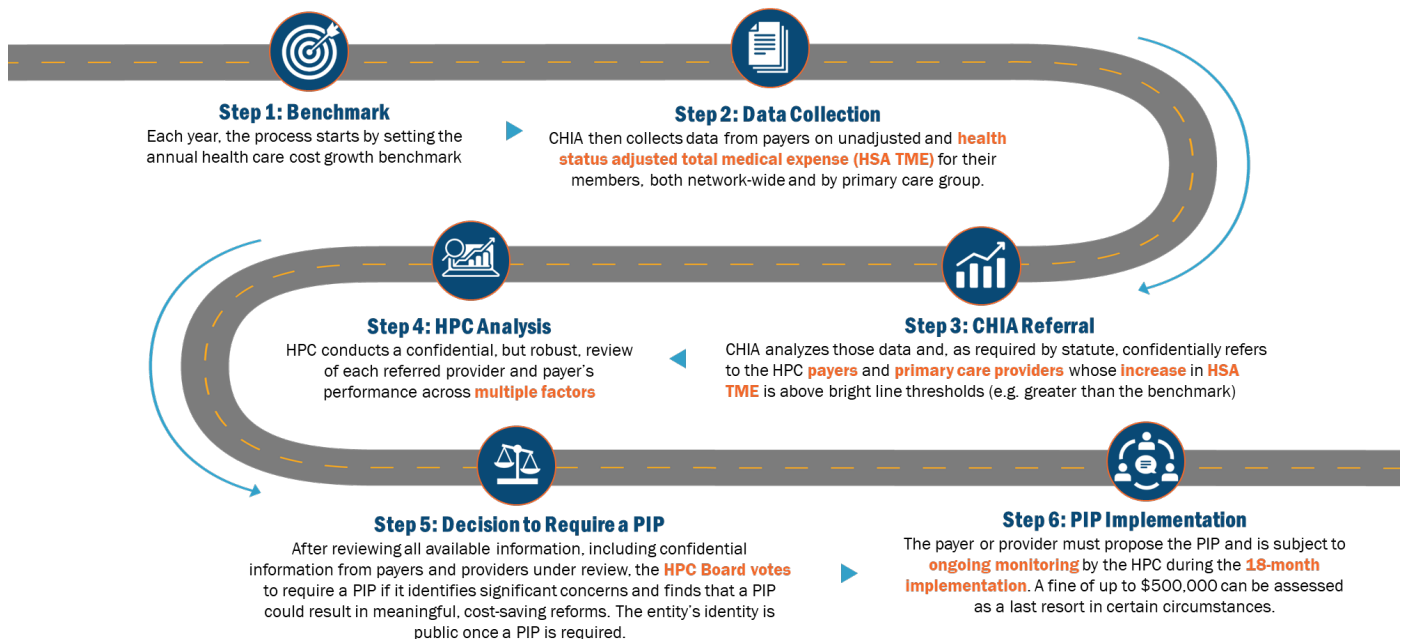
Based on these findings, the HPC voted in December 2024 that the PIP required of MGB was successful. The HPC will continue to closely monitor MGB's spending and pricing performance and may require a subsequent PIP if MGB's spending growth is excessive in the future.

I. Performance Improvement Plan Authority and Process

Massachusetts holds individual payers and providers accountable to the state's health care cost growth benchmark through the HPC's Performance Improvement Plan (PIP) authority. In collaboration with its sister agency, the Center for Health Information and Analysis (CHIA), the HPC conducts an annual review of both statewide performance and individual organizations' performance against the benchmark. At the conclusion of this review process, the HPC can require payers or providers that threaten the Commonwealth's ability to meet the benchmark to develop and implement an 18-month plan designed to address the drivers of their spending growth. The HPC monitors the entity's implementation of the plan to ensure that strategies are implemented in good faith and to determine whether the entity is likely to achieve its savings goals.

The key steps in this accountability process are outlined below.

Figure 1: Steps in the PIP Accountability Process



1. **Benchmark:** Each year, between January 15 and April 15, the HPC's 11-member board of commissioners sets the benchmark for the following calendar year.³
2. **Data Collection:** Payers are required to submit TME data to CHIA. The TME metric captures the total cost of care for a defined patient population. CHIA currently collects TME for payers, which represents total spending for their members, and physician groups made up fully or partially of primary care physicians, for which TME represents total spending for the primary care patients associated with the practice.⁴ Payers are required to submit both unadjusted TME data, which

³ For more information on the health care cost growth benchmark, see: <https://masshpc.gov/publications/datapoints-series/issue-10-health-care-cost-growth-benchmark>

⁴ Attributing the total cost of patients' care to primary care physicians acknowledges the role that primary care physicians play in managing their patients' utilization of drugs and services and directing patients to high-quality, efficient specialist groups, hospitals, and other provider types. CHIA does not collect TME for hospitals, specialty practices, post-acute care providers, or other provider types.

reflects actual spending for the defined population, as well as a risk score, which CHIA uses to calculate Health Status Adjusted Total Medical Expenses (HSA TME) for the same population.⁵ Payers submit three years of final data at a time, allowing CHIA to calculate two years of growth trends from each annual submission. This TME forms the basis of referral into the HPC's PIP process.

3. **CHIA Referral:** CHIA refers to the HPC a confidential list of payers and providers whose "increase in health status adjusted total medical expense is considered excessive and who threaten the ability of the state to meet the health care cost growth benchmark."^v CHIA has codified a methodology for referring payers and providers who meet this statutory standard.^{vi,6}
4. **HPC Analysis:** The HPC conducts a confidential, robust review of all referred entities across multiple factors, including their spending growth, spending levels, pricing, size, and performance over time. Based on its findings, the HPC may identify entities of particular concern for which it will conduct additional review.⁷ These entities have the opportunity to confidentially provide additional data that will inform the HPC's review.
5. **Decision to Require PIP:** The HPC may require any referred entity to file a PIP if it identifies "significant concern" and determines that a PIP could result in "meaningful, cost-saving reforms."^{vii} The HPC's deliberation occurs in a closed-door meeting to preserve the confidentiality of entities from which the HPC does not require a PIP. If the HPC votes to require a PIP from a payer or provider, the identity of the entity becomes public and is posted on the HPC website.⁸

An entity required to file a PIP must submit a proposal that conforms to the requirements in the HPC's regulation within 45 days.⁹ PIP proposals must identify the causes of the entity's spending growth, describe cost containment activities designed to address the causes of that growth, and have a timeline of not more than 18 months, among other requirements.¹⁰ All aspects of the PIP must be proposed by the entity and the HPC cannot require specific elements for approval.^{viii} The HPC will approve a proposed PIP if it determines that the PIP is reasonably likely to address the underlying causes of the entity's spending growth and that the entity is capable of successfully implementing its proposed strategies.

6. **PIP Implementation:** Once the HPC approves a PIP proposal, the entity begins implementation according to the timeline defined in the PIP. The HPC monitors implementation through regular

⁵ HSA TME adjusts actual expense for the expected expense of caring for a defined patient pool, given the patients' age, sex, and diagnostic factors. HSA TME allows for a comparison of payers' and providers' spending levels after accounting for differences in the clinical and demographic characteristics of their patient pools.

⁶ The requirement that CHIA's referrals be based on growth in HSA TME currently limits the type of entities that CHIA can refer to payers and physician groups; CHIA cannot refer provider types for which it has not defined a TME metric, such as hospitals.

⁷ For a list of factors the HPC reviews, see 958 Code of Massachusetts Regulations (CMR) 10.04(2): <https://masshpc.gov/sites/default/files/2023-04/958cmr10.00-pip.pdf>

⁸ For a list of entities currently or previously implementing a PIP, see: <https://masshpc.gov/cost-containment/pips>

⁹ Alternatively, entities may file a request for a waiver or an extension.

¹⁰ For a full list of PIP proposal requirements, see 958 CMR 10.09: <https://masshpc.gov/sites/default/files/2023-04/958cmr10.00-pip.pdf>

meetings with the entity as well as by requiring regular reporting, both confidential and public, by the entity.

At the conclusion of the implementation period, the HPC must determine whether the PIP was successful,^{ix} which is the primary purpose of this document. The HPC may consider the following regulatory factors in its decision as to whether the PIP was successful:

- Whether and to what extent the PIP 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;
- Whether the PIP Entity has fully implemented, in good faith, the strategies, adjustments and action steps of the PIP;
- The sustainability of the efficiencies and cost savings of the PIP;
- The impact of events outside of the PIP Entity's control on implementation or cost growth; and
- Other factors the Commission determines to be relevant.^x

If the HPC determines that the PIP was successful, the evaluation of the PIP concludes and no further action by the entity is required.¹¹ If the HPC determines that the PIP was not successful, it can extend the timeframe for implementation, require amendments to the plan, require the entity to submit a new PIP proposal, or waive or delay the requirement to file a new PIP proposal.^{xi}

¹¹ The entity remains subject to the annual PIP review process, including referral by CHIA, the HPC's review of the entity's spending performance, and potentially the requirement to implement another PIP.

II. Mass General Brigham's Requirement to File a Performance Improvement Plan

Mass General Brigham (MGB) was referred by CHIA to the HPC in May 2021 on the basis of high growth in health status adjusted spending from 2017 to 2018.¹² From May 2021 to January 2022, the HPC conducted analyses of MGB's spending performance over time and engaged closely with MGB to seek further information and explanation concerning its spending, both in referred contracts and overall, including its baseline levels and trends in spending, pricing, and utilization; the patients the system is serving and the services it is providing; the system's size and market share; the system's financial condition; MGB's strategies to improve efficiency or reduce spending growth over time; and more.¹³

Commissioners met to discuss these materials confidentially in Executive Sessions throughout late 2021 and, at its January 2022 meeting, the HPC Board of Commissioners met in Executive Session to finalize its review, ultimately voting that a PIP was warranted. In a public meeting after the Executive Session, the HPC presented a summary of the considerations that led the Board to require a PIP. The HPC's public presentation outlining its decision to require a PIP from MGB presented only a small portion of the information and data that the HPC reviewed, consistent with the HPC's obligation to perform a balancing test before disclosing confidential information.¹⁴ This section summarizes the HPC's basis for requiring a PIP from MGB, as previously presented.^{xii}

A. Spending Performance Over Time

The HPC reviewed all available TME data for Partners Community Physicians Organization (PCPO), the largest provider group within MGB, including TME for contracts that were not referred by CHIA, and across multiple years. The HPC found that per member per month (PMPM) spending for MGB's primary care patients was consistently higher than average PMPM spending for patients in the same insurance network, whether measured on a health status adjusted basis (i.e., to reflect the fact that different providers care for patients of differing health status) or unadjusted basis.¹⁵

¹² CHIA refers individual provider contracts based on their HSA TME growth relative to the health care cost growth benchmark in that year. The 2018 health care cost growth benchmark was set at 3.1%. For more information, see: https://masshpc.gov/sites/default/files/2024-03/20240314_Benchmark_Master_POST.pdf. For a full description of CHIA's referral methodology, see: <https://www.chiamass.gov/methodology-for-referring-health-care-entities-to-the-hpc/>

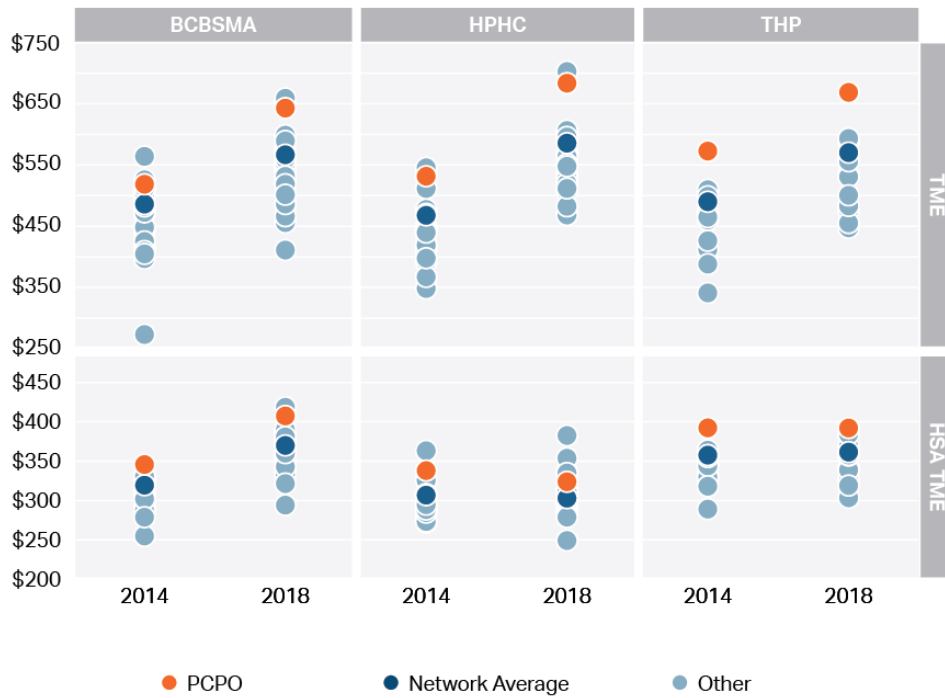
¹³ The HPC is directed to base its determination as to whether to require a PIP on the factors listed in 958 CMR 10.04(2).

¹⁴ The HPC is required by law to keep confidential the name of any entity referred by CHIA unless and until it decides to require a PIP from that entity. The HPC can also request additional information from referred entities under 958 CMR 10.03(2), and entities undergoing a PIP can submit confidential reports under 958 CMR 10.11(2), which the HPC can protect from public disclosure pursuant to M.G.L. c. 6D § 2A. The HPC can disclose information when it believes that such disclosure should be made in the public interest after taking into account any privacy, trade secret or anticompetitive considerations. For more information, see 958 CMR 10.14:

<https://masshpc.gov/sites/default/files/2023-04/958cmr10.00-pip.pdf>

¹⁵ The HPC compared PCPO's unadjusted TME levels and HSA TME level with Blue Cross Blue Shield of MA (BCBSMA), Harvard Pilgrim Health Care (HPHC), and Tufts Health Plan (THP) to each payer's average spending level in 2014 and 2018. For more information, see slide 17 of the HPC's January 25, 2022 Board Meeting presentation: <https://masshpc.gov/sites/default/files/2023-04/20220125%20Board%20Meeting%20Presentation.pdf>

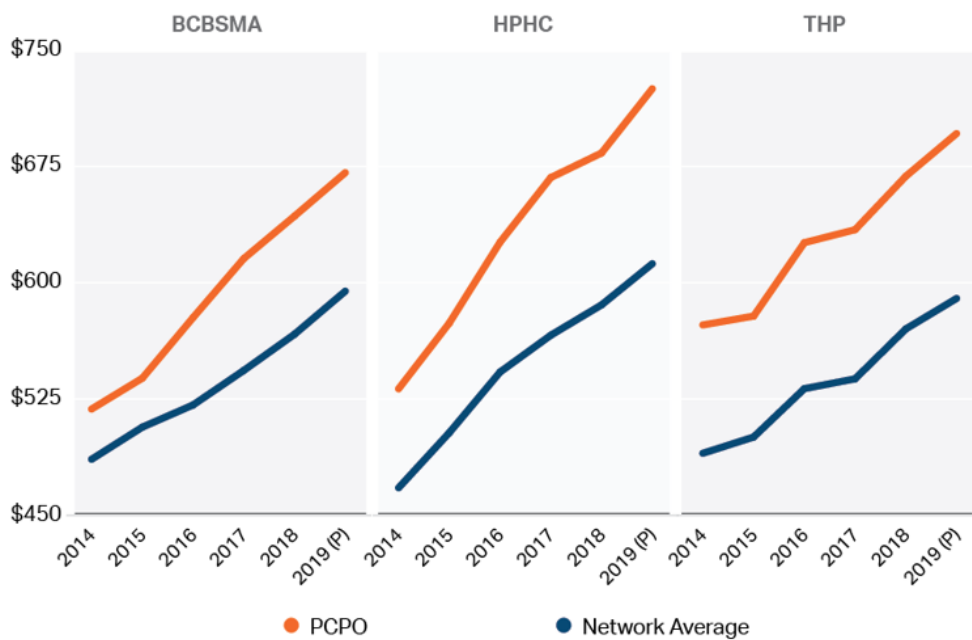
Figure 2: PCPO Commercial TME Levels, 2014-2018



Source: HPC analysis of CHIA Confidential Total Medical Expense Data: 2014-2018

The HPC also found that PCPO’s unadjusted TME generally grew apace or even faster than these payers’ network averages in most years.

Figure 3: PCPO Unadjusted Commercial TME Growth 2014-2019(P)



Source: HPC analysis of CHIA Confidential Total Medical Expense Data: 2014-2019(P).

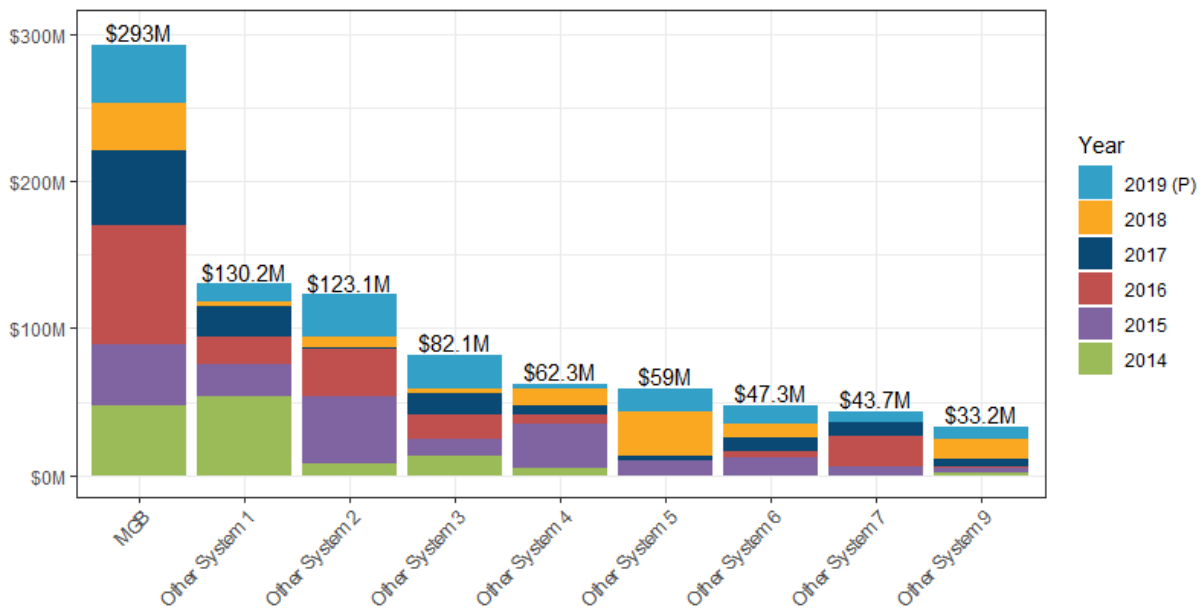
Notes: 2019 data are indicated with a (P) because they were preliminary at the time of presentation.

The HPC also examined MGB’s performance in its commercial value-based care arrangements, which are designed to incentivize providers to manage spending within a fixed budget and which MGB cited as a factor that would restrain its spending in the future. Even in these arrangements, however, the HPC found that spending for MGB’s primary care patients grew at rates above the benchmark across multiple years and multiple payers.

B. Impact of Above-Benchmark Spending

The HPC estimates the financial impact of an entity’s spending growth by factoring in its baseline spending levels and its size (in this case, member months for MGB’s primary care patients) alongside its growth rate. The HPC found that between the 2013-2014 performance period and the 2018-2019(P) performance period, MGB had more cumulative commercial spending growth in excess of the benchmark than any other provider, totaling \$293 million.

Figure 4: Cumulative Financial Impact of Above-Benchmark Commercial Spending Growth 2014-2019(P)



Source: HPC analysis of CHIA Confidential TME Data: 2014-2019(P).

Notes: 2019 TME data are indicated with a (P) because they were preliminary at the time of presentation.

This number represents unadjusted (actual) spending above the benchmark in those contracts with unadjusted spending growth above the benchmark. The figure is presented at the system level and spending for MGB therefore includes the total for PCPO and other affiliated entities for which TME data are available (e.g., CD Practice Associates). The total excludes non-commercial spending and insurance products that either do not require PCP selection (e.g., PPO) or which have carve-outs (i.e., many self-insured plans). Not all of this spending constitutes revenue to the MGB system.

C. Pricing and Utilization

The HPC found that MGB's hospital and physician prices were higher than nearly all other providers in the Commonwealth, and the HPC's analysis of key spending drivers for MGB showed that for the categories of spending driving MGB's growth, price and mix were bigger drivers than utilization.¹⁶

D. Other Factors

Other factors considered did not mitigate the HPC's concerns. For example, MGB's patients were more likely than those of other systems to be higher income and commercially insured, and while MGB provided higher acuity services than many other providers, the complexity of its patient panel was not significantly higher than other institutions in Massachusetts with lower price points. The HPC also found that MGB's financial performance was consistently strong: as of FY 2019, MGB's assets, net assets, and operating revenue were greater than the next four largest systems combined.

Finally, when asked about its strategies to control costs going forward, MGB stated its intention to continue its existing efforts, including clinical and care management programs, shifting care to lower-cost settings, and taking on more risk in payer contracts, although such efforts had not been sufficient to constrain MGB's spending in the past.

E. HPC Conclusions and PIP Requirement

Collectively, these findings led the HPC to the following conclusions:

1. MGB's spending performance raised significant concerns and had likely already impacted the state's ability to meet the health care cost growth benchmark;
2. Unless addressed, MGB's spending performance was likely to continue to impact the state's ability to meet the benchmark;
3. 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; and
4. A PIP could result in meaningful, cost-saving reforms.¹⁷

Based on these findings, the HPC voted in January of 2022 to require a PIP from MGB.

MGB submitted a PIP proposal to the HPC in May of 2022, proposing a savings of \$105 million, or \$70 million annually.^{xiii} HPC staff and commissioners reviewed the proposal to determine whether it was reasonably likely to successfully address the underlying cause(s) of the MGB's spending growth and whether MGB could reasonably be capable of successfully implementing the proposal. The HPC provided feedback on the proposal to MGB, and MGB submitted an updated PIP proposal in September 2022, proposing a savings of \$176.7 million, or \$127.8 million annually, across ten interventions.^{xiv} The HPC approved the updated proposal in September 2022 and MGB began implementation of the approved PIP on October 1, 2022.¹⁸

¹⁶ "Mix" refers to both "service mix," i.e., the assortment of higher-cost and lower-cost services that a provider may order, and "provider mix," i.e., the use of more expensive and less expensive facilities or professionals. Changes in mix, for example a substitution of MRIs for X-rays, or Academic Medical Centers (AMCs) for ambulatory surgical centers, can increase spending even if the total volume or prices of each individual service did not change.

¹⁷ The factors the HPC reviews to determine whether a PIP is warranted are listed at 958 CMR 10.04(2).

¹⁸ For a summary of MGB's revised PIP proposal and the regulatory standard for approval, see:

https://masshpc.gov/sites/default/files/2023-04/20220927%20Board%20Meeting%20Presentation_vFinal.pdf

III. Overview of Mass General Brigham’s Performance Improvement Plan and Reported Results

This section describes the strategies implemented by MGB pursuant to the final PIP approved by the HPC¹⁹ and the savings reported by MGB.²⁰

A. Savings Target

MGB’s PIP set a total savings target of \$176.7 million over the 18-month period. MGB anchored its total savings target to the financial impact of its cumulative above-benchmark spending growth for its primary care patient population from 2014 to 2019, with adjustments to account for the 18-month implementation period of the PIP and the fact that some of MGB’s strategies were anticipated to produce savings for patients beyond its primary care patient population.^{xv}

B. Strategies Overview

MGB proposed implementing 10 strategies grouped into the categories of Price Reductions, Reducing Utilization, and Shifting Care to Lower Cost Sites.

Figure 5: Summary of MGB PIP Strategies and Savings Target

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

In its proposal, MGB also described efforts to control costs through its value-based care strategy, but it did not quantify savings associated with these efforts. Some strategies, such as MRI and CT Utilization and Reducing Outpatient Rates, included multiple activities with distinct timelines.^{xvi, xvii}

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

¹⁹ MGB’s final PIP proposal, as approved, is available on the HPC’s website at https://masshpc.gov/sites/default/files/2023-06/pip-mgb-proposal_20220920.pdf.

²⁰ MGB’s final public report on PIP savings is available on the HPC’s website at https://masshpc.gov/sites/default/files/PIP_MGB_March2024UpdateFinalReport.pdf.

utilization as the primary driver of MGB’s spending growth.²¹ MGB also included a set of activities under the MRI and CT Utilization strategy designed to address its imaging utilization, consistent with HPC analysis that identified MGB as having higher than average imaging utilization rates per 1,000 members.

MGB’s PIP included a mix of strategies designed to generate savings exclusively for its primary care population, such as the expansion of its integrated care management program (iCMP),^{xviii} and strategies designed to generate savings for any patients that use MGB providers or facilities, including some of the Price Reductions strategies.^{xix} Therefore, the PIP was expected to generate savings not only for MGB’s primary care population, but also for other health care systems’ primary care populations and Total Health Care Expenditures (THCE) generally.

C. Timing

The PIP implementation period ran for a total of 18 months, from October 1, 2022, through March 31, 2024. Start dates for individual strategies varied. Five strategies either began immediately on October 1, 2022 or had start dates that pre-dated the PIP implementation period, but that were continued or expanded during the PIP. In all cases, MGB’s savings calculations only accounted for savings generated during the PIP implementation period.

Figure 6: MGB PIP Implementation Timeline

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

Notes: 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 iCMP pre-dates the PIP implementation period, but MGB expanded the program capacity in Q4 2022.

²¹ Under the PIP regulation, a PIP may only be approved if it is “reasonably likely to successfully address the underlying cause(s)” of an entity’s spending growth. For more information, see 958 CMR 10.10(1): <https://masshpc.gov/sites/default/files/2023-04/958cmr10.00-pip.pdf>

D. Reported Savings by Strategy

At the conclusion of the PIP, MGB submitted its own statement of the savings from its interventions. Based on its methodology for calculating savings, MGB reported saving a total of \$197.1M, exceeding its target by more than \$20M, or 12%.

Figure 7: MGB PIP Savings Targets and Stated Savings

Strategy	Total Savings Target (\$M) ²²	MGB Stated Savings (\$M)
Price Reductions		
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
Reducing Utilization		
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
Shifting Care to Lower Cost Sites		
Home Hospital	\$1.9	\$0.9
Virtual Care	\$5.1	\$5.4
Total	\$176.7	\$197.1

Source: Mass General Brigham. Final Public Report. March 2024.

Below, the report describes each of MGB's strategies, savings targets, and stated savings in further detail.

PRICE REDUCTIONS

Strategy: Reducing Outpatient Rates

Savings Target: \$86.8 M

MGB Stated Savings: \$85.3 M (-\$1.5M)

MGB adjusted its facility pricing for outpatient services at its two academic medical centers (AMCs), Massachusetts General Hospital (MGH) and Brigham and Women's Hospital (BWH), with local commercial payers.^{23,xx} Adjustments to some payer rates were negotiated prior to the implementation of the PIP,^{xxi} whereas other payer rates required contracts to be re-opened to make a downward

²² This table reflects total savings targets and reported savings for the entirety of the 18-month implementation period. In its approved PIP, MGB reported annualized savings targets that estimated expected savings for each strategy over a twelve-month period. In its final public report, MGB reported total savings targets and figures, reflecting the actual in-effect dates for each strategy, which ranged from nine to 18 months.

²³ MGB uses the term "local commercial payers" to refer to BCBSMA, HPHC, THP, and Mass General Brigham Health Plan (MGB Health Plan). We use the term accordingly throughout his report. See Mass General Brigham. Approved Performance Improvement Plan. Sep. 20, 2022. P. 7.

adjustment to previously negotiated rates.²⁴ MGB reported that the savings reflected not only changes in price, but also an increase in outpatient volume.²⁵

Strategy: Mass General Waltham Rates

Savings Target: \$19.2M

MGB Stated Savings: \$24.8M (+\$5.6M)

MGB reduced prices at its Waltham outpatient facility (MG West) from AMC rates to community hospital rates for local commercial payers.^{xxii, xxiii} Savings for this strategy exceeded MGB's target due to higher volume at MG West than expected during the PIP implementation period.^{xxiv} Although MG West continues to be licensed as an AMC satellite facility,^{xxv} MGB has stated that the price reduction will carry beyond the PIP implementation period and that MG West pricing will continue to be based on a community hospital rate schedule.

Strategy: Reducing ConnectorCare Rates

Savings Target: \$17.9M

MGB Stated Savings: \$29.5M (+\$11.6M)

MGB reduced rates for MGB Health Plan's ConnectorCare members for services provided by MGB providers^{xxvi} beginning in Q1 of rate year 2021.^{xxvii} However, only savings achieved during the PIP implementation period were counted in MGB's stated savings.^{xxviii} MGB stated that its savings overage was driven by greater enrollment in MGB Health Plan's ConnectorCare products.^{xxix}

Strategy: Other Insurance Discount

Savings Target: \$1.5M

MGB Stated Savings: \$3.3M (+\$1.8M)

Prior to the PIP, MGB provided discounted services to a certain client for individuals enrolled in MGB Health Plan.^{xxx} In 2023, MGB moderately increased this discount.^{xxxi} Savings exceeded the target by approximately \$1.8M due to higher-than-expected enrollment in MGB Health Plan products.^{xxxii}

REDUCING UTILIZATION

Strategy: Integrated Care Management Program

Savings Target: \$23.0M

MGB Stated Savings: \$24.9M (+\$1.9M)²⁶

MGB's iCMP is a care management program for patients with complex health issues who can be managed in the primary care setting.^{xxxiii} Under the PIP, MGB expanded iCMP capacity to enroll additional commercial and Medicaid patients. Based on past experience, MGB expected savings to result from reduced emergency department and inpatient utilization.^{xxxiv} While the iCMP itself pre-dates the PIP,

²⁴ For all impacted contracts, the HPC reviewed evidence sufficient to find that these price adjustments likely represented a true rate concession.

²⁵ MGB stated its in final public report that its savings were "robust due to the high volume of outpatient services." See Mass General Brigham. Final Public Report. March 2024. P. 4.

²⁶ In its final public report, MGB reported \$24.7 million in savings. However, after additional discussion and review with the HPC, MGB updated its final figure to \$24.9 million.

MGB expanded program capacity through the PIP to increase the number of patients who could be served.^{xxxv}

Strategy: SNF Utilization Reduction

Savings Target: \$13.4

MGB Stated Savings: \$7.3 (-\$6.1M)

MGB aimed to reduce total skilled nursing facility (SNF) utilization, primarily for its Medicare Accountable Care Organization population.^{xxxvi} MGB employed a suite of care management, care transition, and educational tools under this strategy.^{xxxvii} MGB recognized early in the PIP implementation period that its SNF strategy was unlikely to reach target savings levels, due in part to system-wide capacity issues that impacted care patient flow patterns in multiple ways, including by limiting strategic SNF placements.

Strategy: MGB Health Plan Utilization Management

Savings Target: \$1.5M

MGB Stated Savings: \$1.547M (+\$0.05M)

MGB Health Plan, which is part of the MGB system, implemented prior authorization programs across multiple books of business for high tech radiology, infertility, inpatient services, outpatient day surgery, and other outpatient services.^{xxxviii} In its approved PIP, MGB stated that these services were selected “due to the potential for over-utilization or direction to more cost-effective pathways.”^{xxxix}

Strategy: MRI and CT Utilization

Savings Target: \$6.5M

MGB Stated Savings: \$14.4M (+\$7.9M)

MGB implemented multiple interventions targeting imaging cost and utilization under the umbrella of the MRI and CT Utilization strategy. Under its Site of Service intervention, MGB calculated savings from conducting MRIs at its Assembly Row site, a clinic-licensed site of care,^{xi} rather than at the higher-cost MGH main campus site.^{xii} MGB’s Decision Support intervention measured the impact of newly implemented clinical decision support tools for providers to reduce the number of unnecessary CT and MRI scans provided for certain conditions.^{xiii} MGB also made adjustments to its imaging ordering workflows regarding certain scan types.^{xiii}

SHIFTING CARE TO LOWER COST SITES

Strategy: Home Hospital

Savings Target: \$1.9M

MGB Stated Savings: \$0.9M (-\$1.0M)

MGB’s Home Hospital program shifts the site of care for patients with acute medical conditions that can be safely transported from the hospital to their home. MGB negotiated discounted rates with local commercial payers for Home Hospital admissions compared to rates for in-hospital admissions.^{xliv}

MGB reported that it fell short of its savings target for Home Hospital due to a number of external factors, including staffing challenges which resulted in fewer admission than anticipated.^{xlv}

Strategy: Virtual Care

Savings Target: \$5.1M

MGB Stated Savings: \$5.4M (+\$0.3M)

MGB agreed to a discount off its reimbursement rates with certain local commercial payers for specialty telehealth services.^{xlvi} MGB reported that it exceeded its target savings due to higher virtual care utilization than anticipated.^{xlvii}

IV. Evaluation of Mass General Brigham's Performance Improvement Plan

At the conclusion of the PIP implementation period, the HPC must determine whether the PIP was successful. Pursuant to its regulation, the HPC may consider the following factors in making its determination:

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.^{xlviii}

The HPC organized its evaluation of these factors around three primary areas of inquiry. These areas of inquiry and HPC's key findings are summarized below:

A. Achieving Target Outcomes: To what extent did MGB implement its strategies in good faith and achieve savings in line with the targets specified in the PIP?

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: To what extent did MGB address significant concerns about its costs, i.e., by impacting its 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.

C. Sustainability: To what extent are the strategies and savings from the PIP likely to be sustained?

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.

The HPC incorporates into each area considerations of the impact of events outside of MGB’s control, including lingering impacts of the COVID-19 pandemic, inflation, wage pressures, and labor shortages.

The remainder of this section describes these findings in greater detail. Consistent with the HPC’s obligation to perform a balancing test before disclosing confidential information, the information below represents a limited public summary of far more extensive confidential material reviewed by the HPC.

A. Achieving Target Outcomes

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

Despite the ongoing challenges that the Massachusetts health care system has faced in recent years, MGB worked collaboratively with HPC throughout the PIP process, demonstrating a commitment to the process and good faith implementation of the PIP. As shown below, the HPC and MGB met quarterly throughout the implementation period to review the status of MGB’s efforts and its progress against its savings targets.²⁷ MGB provided confidential reports to the HPC on a quarterly basis and provided public reports in July of 2023 and at the end of the PIP implementation period. Those reports are available on the HPC’s website.^{xlix}

Figure 8: Timeline of MGB Reporting and Engagement



In some cases, MGB identified barriers to implementation, including some that were outside of its control, such as systemwide capacity constraints or workforce challenges. MGB transparently identified and, to the extent possible, made efforts to address these challenges. MGB also committed 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.²⁸

²⁷ In addition to formal quarterly meetings, MGB and HPC staff met throughout the PIP as needed.

²⁸ For a description of some of the implementation barriers that MGB experienced and how it addressed those issues, see MGB’s public progress report from July of 2023: <https://masshpc.gov/cost-containment/pips/mgb>.

Finding A.2: MGB achieved the savings target set forth in MGB's 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. The strategies associated with addressing MGB's prices with commercial insurers had the most impact.²⁹ The HPC notes that certain ancillary impacts could not be accounted for³⁰ 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.³¹ 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.

B. Spending and Pricing During the PIP

The HPC required MGB to implement a PIP based in large part on its high commercial spending and pricing patterns. As part of its determination as to whether MGB "addressed significant concerns about its costs," the HPC assessed MGB's commercial spending growth from 2022 to 2023 in preliminary TME data from CHIA,³² as well as its commercial prices relative to average prices from 2022 to 2024³³ for local commercial payers.³⁴

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

The HPC reviewed MGB's spending trends cognizant that the Massachusetts health care system has been under significant strain in recent years. From the COVID pandemic and workforce shortages to record-high inflation and ongoing capacity constraints, the system still has not regained the sense of normalcy that was lost in 2020. Recognizing these unique circumstances and the upward pressure on pricing and spending

²⁹ MGB's reported savings in these strategies totaled approximately \$143 million, nearly three times more those associated with Reducing Utilization, and nearly 23 times more than those associated with Shifting Care to Lower Cost Sites.

³⁰ In general, MGB's methodologies compare MGB utilization and pricing before and after the PIP interventions. However, some ancillary spending impacts involving other entities, such as the impact of drawing volume from lower-priced competitors or backfilling volume at higher-priced settings, could slightly change the overall spending impacts from the PIP. Such impacts would have been difficult for MGB to calculate due to data limitations.

³¹ The HPC was aware that some portion of PIP savings could flow back to MGB through shared savings payments at the time it approved the PIP proposal. However, it was not until after the PIP implementation period that HPC could quantify any higher shared savings payments with the local commercial payers as a result of the claims-based savings generated under the PIP and the impact on the overall PIP savings. The HPC estimates that between \$15.6 million and \$23.0 million of the claim-based savings from the PIP (8-12%) were returned to MGB as revenue through shared savings payments.

³² CHIA provided preliminary TME data to the HPC for calendar years 2021, 2022, and 2023 for commercial full claims spending only. The HPC analyzed the data using the same data segmentations and limitations as used in CHIA's referral process and in the HPC's standard review of referred entity's performance. Examination of MGB's longer-term trends rely on previous TME datasets going back to 2013. We considered MGB's trends from 2022 to 2023, as 2023 was the only full calendar year during which the PIP was in effect. Data from CHIA are preliminary and are subject to change before the publication of CHIA's Annual Report on the Performance of The Massachusetts Health Care System.

³³ The HPC's analysis of MGB's 2022 to 2024 pricing patterns is based on 2022 Relative Price data from CHIA and confidential price increase data available to the HPC. See CHIA. Relative Price and Provider Price Variation, <https://www.chiamass.gov/relative-price-and-provider-price-variation/> (last visited Dec. 4, 2024); The HPC also used the confidential data underlying these metrics provided by payers to CHIA.

³⁴ As noted previously, local commercial payers include BCBSMA, HPHC, THP, and MGB Health Plan. These are also the only four payers with which PCPO had reportable commercial TME data in the most recent final dataset available from CHIA.

for many organizations that has resulted, the HPC compared MGB’s trends not only to the health care cost growth benchmark, but also to average performance across the market.

Based on preliminary TME data, spending growth for MGB’s largest physician group, Partners Community Physicians Organization (PCPO),³⁵ generally exceeded the benchmark between 2022 and 2023. However, the ongoing disruptions to the health care system as well as other pressures, such as increasing pharmaceutical spending, impacted many organizations during this time, resulting in high average growth across the market.

When compared to average spending growth during this time, MGB’s spending growth was generally below that average. As shown below, MGB’s unadjusted spending growth during this time was 0.1 to 5.7 percentage points below the network average growth for the four major local payers.³⁶ On a health status adjusted basis, MGB’s growth was between 0.3 and 3.2 percentage points lower than the network average growth with the local commercial payers.

Figure 9: Commercial Spending Growth: MGB vs. Network Average: 2022-2023

Commercial Spending Growth (Preliminary TME): MGB vs. Network Average: 2022 – 2023		
Payer	Difference between MGB's Growth and Network Average Growth	
	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

Source: HPC analysis of preliminary, confidential CHIA TME data, 2022-2023

These trends differ from MGB’s spending trends prior to the PIP, during which time MGB’s growth was at or above the network average with three of the four payers. Together, these findings suggest that the PIP did impact MGB’s spending performance.

Additionally, the HPC found that the magnitude of the estimated PIP savings was meaningful relative to MGB’s spending trends. Specifically, the HPC estimates that if PIP savings were added to MGB’s 2023 TME spending with local commercial payers (i.e., increasing MGB’s spending levels), MGB’s 2023 spending growth would have been 0.5 to 2 percentage points higher with three commercial payers, and between 10 to 11 percentage points higher with another. These differences would have been enough to push MGB’s trends above network average trends for three of the four local payers evaluated.³⁷

³⁵ Payers report TME data at the physician group level, rather than the system level, and therefore the preliminary TME data we discuss in this section was reported for PCPO, the largest physician group in the MGB system. Though other MGB-affiliated physician groups (e.g., CD Practice Associates, affiliated with Cooley Dickinson Hospital) have at times had sufficient member months to be analyzed in the PIP process, no other MGB-affiliated entity had sufficient member months to appear in the cut of preliminary TME data HPC reviewed.

³⁶ HPC analysis of confidential payer data showed generally consistent trends.

³⁷ The HPC also examined the impact that MGB’s PIP savings would have had on its 2018 to 2019 (preliminary) unadjusted TME trends with the local commercial payers, recognizing that this was the most recent data available to the HPC at the time it voted to require a PIP from MGB. We found that MGB’s weighted average spending growth across the four payers would have dropped from 4.3% (MGB’s increase in the 2018 to 2019 (preliminary) data) to

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. The HPC found that MGB’s 2022-2023 outpatient spending growth was high, tracking statewide commercial trends, but it was generally growing more slowly than each payer’s network average from 2022 to 2023. This was a notable improvement compared to 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.

Figure 10: MGB Outpatient Spending Growth Compared to Network Average

MGB Outpatient Spending Growth Compared to Network Average		
Payer	Difference between MGB's Outpatient Growth and Network Average Outpatient Growth	
	2013-2022 Annualized	2022-2023
Payer 1	+2.0 ppts	-0.7 ppts
Payer 2	+4.6 ppts	-1.6 ppts
Payer 3	+1.6 ppts	-5.8 ppts
Payer 4	+0.1 ppts	-2.1 ppts

Source: HPC analysis of preliminary, confidential CHIA TME data, 2022-2023

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.”³¹ Based on an analysis comparing confidential provider price data from 2022 to 2024, the HPC’s estimated MGB’s system-level pricing compared to average in 2022, finding that the MGB system was between 9% and 35% above average on an inpatient basis, and between 14% below and 35% above average on an outpatient basis with local commercial payers. After taking into account 2023 and 2024 rate increases for MGB and other provider systems,³⁸ the HPC estimates that MGB’s price differential decreased modestly by 2024, resulting in MGB’s prices being between 5% and 28% above average on an inpatient basis, and between 17% below and 30% above average on an outpatient basis.³⁹ The HPC therefore finds that MGB’s contracted rate changes during the PIP implementation period 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.

C. Sustainability

PIPs are time-limited interventions with an implementation period of no more than 18 months. Therefore, sustainability assessments are critical to understanding whether an entity is likely to continue pursuing its cost-savings activities and restrain its future spending growth to the benchmark target. The HPC’s assessment of sustainability considered whether MGB was likely to continue its interventions beyond the implementation period, whether MGB’s future commercial pricing actions were consistent with its

2.0%, significantly below the 3.1% health care cost growth benchmark in that year. This finding suggests that this magnitude of savings would have been sufficient to reduce MGB’s average 2019 spending growth to below the benchmark.

³⁸ The HPC imputed rate increases for certain provider systems when required by data gaps.

³⁹ The HPC notes that changes in MGB’s price relative to network average price depends not only on changes to MGB’s prices but also on changes to other providers’ prices, limiting MGB’s ability to influence this measure.

statement that its price-based savings would not be recouped through future commercial rate increases, and MGB's own statements about sustainability in its final public report.^{li, lii}

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 both specific statements regarding the continuity of some of its PIP strategies. For example, MGB stated to the HPC that its MG West facility will continue to receive community hospital rates, rather than AMC rates, with local commercial payers. MGB also highlighted in its final public report that it intends to continue strengthening its SNF strategy after the implementation period.^{liii}

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.^{liv} 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.^{lv} Additionally, some of MGB's strategies, such as its Other Insurance Discount strategy, did not begin until later in the PIP implementation period and are contractually required to continue beyond that timeframe.

Finally, a few of MGB's strategies, such as the iCMP, pre-dated the PIP,^{lvi} and can therefore be credibly viewed as existing parts of MGB's cost containment portfolio that are likely to continue.

The HPC notes that several of the PIP strategies have continued after the implementation period ended on March 31, 2024, suggesting some level of sustainability. However, the HPC cannot assess how long these strategies will remain in place, nor whether they will receive the staffing and funding consistent with the resources provided during 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.

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.^{lvii}

Using confidential price data provided by local commercial payers for MGB and for the payer's network overall, the HPC examined MGB's 2024 and 2025 aggregate rates increases compared to the health care cost growth benchmark,⁴⁰ MGB's historical increases, and the payer's network average increase for each year, when available.⁴¹ We note that the 2024 and 2025 increases were established during a period of historically high inflation, when some providers were reportedly seeking far higher price increases than historical norms. Evidence reviewed by the HPC regarding MGB's rates in recently negotiated contracts with

⁴⁰ The health care cost growth benchmark is *not* a cap on prices, but an overall target for spending growth. Because price is only one component of spending growth, in order to keep spending growth to levels below the benchmark, price increases should be sufficiently less than the benchmark to allow for changes in utilization and mix that could also drive spending growth.

⁴¹ Aggregate rate increases are weighted across providers, sites, and service-lines to provide an all-in estimate of the value of all negotiated increases. Reviewing aggregate rate increases, rather than rate increases for a single service line for provider type (e.g., AMC outpatient services) gives a more complete picture of the increases.

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.^{lviii} 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 arrangements.

Conclusion

Based on these findings, the HPC Board voted on December 12, 2024, that MGB's PIP was successful. MGB implemented its PIP in good faith and achieved the savings target set forth in its approved PIP. The HPC's evaluation found that MGB's spending growth was meaningfully reduced during the PIP, that MGB's pricing was likely modestly reduced relative to the market, and that MGB has provided evidence of sustainability at some level after the PIP implementation period. The long-term sustainability of the PIP savings, however, will depend on MGB maintaining a commitment to keep prices at levels consistent with compliance with the benchmark, including in value-based contracts. The HPC will continue to closely monitor MGB's spending and pricing performance and may require a subsequent PIP if MGB's spending growth is excessive in the future.

The HPC appreciates MGB's cooperation and commitment to the state's health care cost growth benchmark, the PIP accountability process, and robust public transparency. The HPC looks forward to continuing this collaboration to identify and implement solutions to the most pressing challenges facing our health care system and to working with urgency toward the shared goal of better health, better care, at a lower cost, for all residents of the Commonwealth.

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