In 2012, Massachusetts became the first state to establish a target for sustainable health care spending growth.

Chapter 224 of the Acts of 2012
An Act Improving the Quality of Health Care and Reducing Costs through Increased Transparency, Efficiency, and Innovation.

GOAL
Reduce total health care spending growth to meet the Health Care Cost Growth Benchmark, which is set by the HPC and tied to the state’s overall economic growth.

VISION
A transparent and innovative healthcare system that is accountable for producing better health and better care at a lower cost for all the people of the Commonwealth.
The HPC: Governance Structure

Governor
- Chair with Expertise in Health Care Delivery
- Primary Care Physician
- Expertise in Health Plan Administration and Finance
- Secretary of Administration and Finance
- Secretary of Health and Human Services

Attorney General
- Expertise as a Health Economist
- Expertise in Behavioral Health
- Expertise in Health Care Consumer Advocacy

State Auditor
- Expertise in Innovative Medicine
- Expertise in Representing the Health Care Workforce
- Expertise as a Purchaser of Health Insurance

Health Policy Commission Board
*Dr. Stuart Altman, Chair*

Executive Director
*David Seltz*

Advisory Council
Vision for achieving the health care growth benchmark while improving quality, access, patient engagement, and overall market functioning

1. Transforming the way we deliver care
2. Reforming the way we pay for care
3. Developing a value-based health care market
4. Engaging purchasers through information and incentives

A more transparent, accountable health care system that ensures quality, affordable health care for Massachusetts residents
The HPC employs four core strategies to realize its vision of better care, better health, and lower costs for all people of the Commonwealth.

**RESEARCH AND REPORT**
Investigate, analyze, and report trends and insights.

**WATCHDOG**
Monitor and intervene when necessary to assure market performance.

**CONVENE**
Bring together stakeholder community to influence their actions on a topic or problem.

**PARTNER**
Engage with individuals, groups, and organizations to achieve mutual goals.
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From 2012 to 2018, annual health care spending growth averaged 3.4%, below the state benchmark.

The initial estimate of THCE per capita growth for 2018 is 3.1%. This is the third consecutive year it met or fell below the health care cost growth benchmark.
Commercial spending growth in Massachusetts has been below the national rate every year since 2013, generating billions in avoided spending.

Annual growth in commercial medical spending per enrollee, Massachusetts and the U.S., 2006-2018

Notes: U.S. data includes Massachusetts. U.S. data point for 2018 is partially projected. MA data point for 2018 is preliminary.
Hospital outpatient and pharmacy spending were the fastest-growing categories in 2017, continuing a multi-year trend of high growth.

Rates of spending growth in Massachusetts in 2017 by category, all payers

- Hospital Inpatient: 1.0%
- Hospital Outpatient: 4.9%
- Physicians and Other Professionals: 1.5%
- Pharmacy: 4.1%
- Other Medical: -3.1%
- Non-Claims: -2.8%
- Total Expenditures: 1.7%

Notes: Total expenditures exclude net cost of private health insurance, VA and Health Safety Net. Pharmacy spending is net of rebates. Other medical category includes long-term care, dental and home health and community health. Non-claims spending represents capitation-based payments.

Source: Payer reported TME data to CHIA and other public sources; appears in Center for Health Information and Analysis Annual Report, 2018.
Why focus on health care costs? Nearly 40 cents of every additional dollar earned by Massachusetts families between 2016 and 2018 went to health care, more than take home income.

Allocation of the increase in monthly compensation between 2016 and 2018 for a median Massachusetts family with health insurance through an employer

$165
STATE AND FEDERAL TAXES

$184
EMPLOYER PREMIUM SPENDING

$277
EMPLOYEE PREMIUM CONTRIBUTION

$270
FINAL INCREASE IN TAKE-HOME PAY

$40
COPAYS AND DEDUCTIBLES

Notes: Data represent Massachusetts families who obtain private health insurance through an employer. Massachusetts median family income grew from $95,207 to $101,548 over the period while mean family employer-sponsored insurance premiums grew from $18,955 to $21,801. Compensation is defined as employer premium contributions plus income as recorded in the ACS and is considered earnings. All premium payments are assumed non-taxable. Tax figures include income, payroll, and state income tax.

Sources: HPC analysis of Agency for Healthcare Research and Quality (AHRQ) Medical Expenditure Panel Survey Insurance Component (premiums) American Community Survey (ACS) 1-year files (income), and Center for Health Information and Analysis 2019 Annual Report (cost-sharing).
23% of Massachusetts middle-class families spend more than a quarter of all earnings on health care.

Notes: Estimates are a three-year average of middle class families from 2016-2018; middle class definition is based on General Social Survey (GSS) occupational prestige scores; “high burden” families are those whose total spending on healthcare (premiums, over-the-counter and other out-of-pocket spending) exceeds 25% of their total compensation. Premiums include employer and employee premium contributions and earnings (compensation) includes employer premium contribution. Disability or activity limitation was defined as difficulty walking or climbing stairs, dressing or bathing, hearing, seeing, or having a health problem or a disability which prevents work or limits the kind or amount of work they can perform. College degree was defined as having a B.A. or higher degree in the family. Single-parent families are those in families who did not report being in a married couple family (male or female reference person). Worse health was defined as those reporting a health status “poor,” “fair” or “good.”

Health care utilization and spending dropped between 30% – 50% during spring 2020, with larger drops for more discretionary care. As of winter 2020, use of care has resumed gradually, but remains below expected levels for many types of care. Telehealth has contributed to greater utilization in certain service categories (e.g. routine behavioral health care).

Between February and September of 2020, employment in health care declined 1.2% in hospitals, 3.6% in physician offices and 9% in home health care and nursing facilities.

Many Massachusetts hospitals reported significantly negative total operating margins in March and April of 2020, but moderate positive margins by July, with the benefit of limited state/federal COVID-relief funds. The annual financial impact on hospitals is still unknown and there is variation among hospitals in their financial performance and the amount of COVID-relief funds received.

The three largest Massachusetts health insurers reported significant financial gains in the second and third quarters of 2020 relative to 2019. The annual financial impact on health plans is still unknown.

Between March and September of 2020, enrollment in private insurance coverage dropped 2.1% (-83k) while primary coverage through MassHealth grew 9.9% (+115k).

Provider practices report significant growth in telehealth adoption, but also report high levels of stress, burnout, and concern for their patients’ mental and physical health status.
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Addressing social determinants of health is essential to improving population health, reducing health inequities, and controlling health care costs.

**Factors that Impact Health**

- **Social and Economic Factors** 40%
- **Health Behaviors** 30%
- **Physical Environment** 10%
- **Genes and Biology** 10%
- **Health Care** 10%

Overview of Moving Massachusetts Upstream (MassUP)

MassUP Vision:
Better health, lower costs and reduced health inequities — across communities and populations in Massachusetts — through effective partnerships between government, health care systems, and communities to address the social determinants of health.

• A partnership across state agencies: DPH, MassHealth, AGO, EOE, and HPC

• Goal: to engage in policy alignment activities and make investments to support health care system–community collaborations to more effectively address the “upstream” causes of poor health outcomes and health inequity
What would it mean for health care providers and CBOs to align current work and “move upstream” through MassUP?

A shift in focus...

- **Upstream**
  - Community
  - Address underlying causes of poor health outcomes and disparities, thereby decreasing the need for downstream work

- **Midstream**
  - Population
  - Activities or programs that mitigate or reduce HRSN through population-level interventions – but do not tackle root causes

- **Downstream**
  - Individual
  - Interventions to address HRSN as they appear for an individual patient or client

…and activities.

1. Understand the local community’s needs and health and health equity priorities through CHNA data, authentic engagement, etc.

2. Inventory current health system and community work to identify opportunities to modify/align and move further upstream

3. Develop upstream-oriented intervention, including goals, strategies, and tactics

SOURCE: Downstream to upstream arrow graphic adapted from the Bay Area Regional Health Inequities Initiative framework, [http://barhii.org/framework/](http://barhii.org/framework/)
MassUP Investment Program Overview

Solicited proposals from applicants (provider orgs) on behalf of themselves and partners seeking support to form a **partnership** that will work to address upstream challenges to and enable sustainable improvements in **community health and health equity**

**Award**
- 4 awards of up to $650k each
- 3 years
- Technical assistance and evaluation provided by Dept of Public Health

**Partnerships**
Include at least one **partner who is a CBO**, with experience working with the applicant

**Community Focus**
Will implement a program to **address an SDOH that is leading to poor health and health inequities** for a given geographic community

**Governance**
Led by a governance structure that creates **equity and accountability** among all partners
Additional Priorities within the HPC’s Health Care Transformation and Innovation Agenda

Cost-effective, Coordinated Care For Caregivers and Substance Exposed Newborns (C4SEN)

- **Goal:** Support collaboration between provider types to eliminate silos in care and ensure access to high-quality, efficient, and culturally sensitive care – including for SUD – for infants born substance-exposed and their caregivers, for up to 12 months following birth.

- **Approach:** Coordinate pediatric, adult primary, and adult behavioral health care; collaborate with community-based and social service organizations to meet non-medical needs (including HRSN); ensure that SEN at risk for developmental delays have access to services; provide culturally competent care, free of stigma and bias.

- **Total Funding:** $1.5 million
  - **Legislative Appropriation:** $300,000
  - **HPC Contribution:** $1.2 million

Addressing Inequities In Maternal Health Investment (AIM HI)

- **Goal:** Address racial inequities in maternal health outcomes – particularly among Black birthing people – by supporting partnerships between doulas and health care organizations.

- **Approach:** Support doula care models to provide prenatal, L&D, and postpartum services; utilize data to best serve population in need in their communities; facilitate partnerships between health care organizations and existing doula programs to integrate a workforce that supports birthing people in their communities.

- **Total Funding:** $500,000 (Legislative appropriation)

ACO Certification

- **Principles for Revising HPC Framework:**
  - Recognize that knowledge on ACOs is still developing
  - Provide flexibility to ACOs
  - Focus on capacity for learning, improvement, and innovation

- **Next Steps:** Present standards to HPC’s Care Delivery Transformation (CDT) Committee on September 30, 2020
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Overview of Cost and Market Impact Reviews (CMIRs)

1. Market structure and new provider changes, including consolidations and alignments, have been shown to impact health care system performance and total medical spending.

2. Chapter 224 directs the HPC to track “material change[s] to [the] operations or governance structure” of provider organizations and to engage in a more comprehensive review of transactions anticipated to have a significant impact on health care costs or market functioning.

3. CMIRs promote transparency and accountability in engaging in market changes, and encourage market participants to minimize negative impacts and enhance positive outcomes of any given material change.
Factors for Evaluating Cost and Market Impact of Provider Transactions

- Unit prices
- Health status adjusted total medical expenses
- Provider costs and cost trends
- Provider size and market share within primary service areas and dispersed service areas
- Quality of services provided, including patient experience
- Availability and accessibility of services within primary service areas and dispersed service areas
- Impact on competing options for health care delivery, including impact on existing providers
- Methods used to attract patient volume and to recruit or acquire health care professionals or facilities
- Role in serving at-risk, underserved, and government payer populations
- Role in providing low margin or negative margin services
- Consumer concerns, such as complaints that the provider has engaged in any unfair method of competition or any unfair or deceptive act
- Other factors in the public interest
Benefits of HPC’s Reviews of Provider Affiliations

The Material Change Notice (MCN) and Cost and Market Impact Review (CMIR) process, in addition to increasing public awareness of provider affiliations, has produced the following benefits for consumers in Massachusetts:

**Future Accountability:** Requiring entities to disclose goals for a transaction allows the HPC and others to assess whether those goals have been achieved in the future.

**Voluntary Commitments:** Some entities have addressed concerns raised by the HPC by making certain public commitments (e.g., increasing access for Medicaid patients, not implementing facility fees at acquired physician clinics).

**Support for Enforcement Actions:** Findings in CMIR reports have been used by the Massachusetts Attorney General and Department of Public Health to negotiate enforceable commitments to address cost, market, quality, and access concerns.

- CMIR findings may be considered as evidence in Massachusetts antitrust or consumer protection actions, and in Determination of Need reviews.

**Impacts on Transaction Plans:** In some cases, entities have planned affiliations in part based on the likelihood of a CMIR, and in other cases have decided not to pursue an affiliation after the HPC raised concerns in the MCN or CMIR process.
What’s Next for the HPC?

Top 2020 Priorities

1. Reducing Health System **Administrative Complexity** without Value
2. Enhancing Transparency of the **Pharmaceutical Industry** and Supply Chain
3. Reviewing the **Price and Value** of Certain Drugs as Referred by MassHealth
4. Enabling Upstream Interventions to Address **Social Determinants of Health**
5. Investing in Improvements for **Child and Maternal Health**
Updated HPC Priorities due to COVID-19 Pandemic

- Analysis of Impact of COVID-19 Pandemic on Health Care Providers, Health Plans, Employers, and Consumers
- Health System Capacity Monitoring and Planning
- Evaluation of Policy Changes During COVID-19 Pandemic
- Supporting Ongoing Transformation and Innovation

**Applying an Equity Lens:** Pursuant to the Health Equity Framework to be discussed by the Board, the HPC plans to ensure that there is an intentional consideration of equity issues in agency projects going forward
Eliminating health inequities is integral to achieving the HPC’s mission.

The HPC’s mission is to advance a more transparent, accountable, and equitable health care system through its independent policy leadership and innovative investment programs. The HPC’s overall goal is better health and better care – at a lower cost – for all residents across the Commonwealth.
Many states have now established or are considering establishing cost growth benchmarks.
Humble Beginnings: Creating A New Government Agency

The Boston Globe
First step for state’s new Health Policy
Chief: scrub the refrigerator
Contact Information

For more information about the Massachusetts Health Policy Commission:

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