

Beth Israel Lahey Health
Annual Report to the Massachusetts Office of the Attorney General
Provided Under Paragraph 129 of the Assurance of Discontinuance

Table of Contents

Introduction.....	2
BILH Targeted Cost Savings: Overview	3
A. Operational Synergies	3
B. Patient Care Efficiencies	7
C. Shifting Care to Higher Value Settings.....	9
D. Elimination or Creation of Clinical Services	13
E. Other Consolidations of Services	13

Introduction

Overview

Under the reporting conditions of the Assurance of Discontinuance (“AOD”) filed by the Massachusetts Office of the Attorney General (“AGO”) on November 29, 2018, Beth Israel Lahey Health (“BILH”) agreed to regularly submit certain data and information, beginning with a 60-Day Report, which was submitted on April 30, 2019, and continuing thereafter in the form of Annual Reports for a 10-year period. The first Annual Report was submitted on January 15, 2020. Due to the COVID-19 pandemic, the submission date for the second Annual Report was June 30, 2021. The third Annual Report was submitted on March 1, 2022. Across reports due to the AGO, to allow for the inclusion of data based on a full calendar year as well as audited fiscal year-based financial statements, the parties agreed that the submission date for the third and all subsequent Annual Reports is March 1 of each calendar year.

This report describes:

- BILH’s continued efforts to drive operational synergies for the system, improve patient care efficiency, and shift community-appropriate care to higher-value sites of care,
- Elimination of clinical services and creation of new clinical services, and
- Consolidation of operations.

Scope of this Report

This report represents the seventh submission of data and information and the sixth Annual Report submitted by BILH to the AGO under paragraph 129 of the AOD reporting requirements, covering the 12-month period of October 1, 2023, to September 30, 2024, except where otherwise noted. As with prior Annual Reports, the sixth Annual Report covers the subset of data elements available to BILH at the time of submission.

BILH Targeted Cost Savings: Overview

In last year's Annual Report, BILH reported its Year 5 net operating income performance against the pre-merger goals for Years 1 through 5. BILH reported \$153.1 million in savings, relative to the pre-merger baseline, against the high-end Year 5 target of \$86.4 million.

In this Annual Report and going forward, BILH will continue to report on savings generated through system-wide initiatives. It is important to note that, as BILH is now more than five years beyond the merger, these initiatives reflect the ongoing operations and optimization of a more mature health system rather than the initial impact of integration. Moving forward, the financial impact of system initiatives will be presented as year-over-year impact on net operating income, unless otherwise indicated.

A. Operational Synergies

Supply Chain

In FY 2024, BILH Supply Chain continued to leverage its economies of scale to bring additional value to the system. Throughout the fiscal year, a key initiative was to optimize and streamline contracts with both Group Purchasing Organizations ("GPO") and non-GPO vendors.

In FY 2024, BILH's master GPO contract was enhanced and extended, resulting in an increase of share-back dollars from the GPO to BILH. IT contracts rendered unnecessary due to the recent Epic integration were eliminated. BILH finalized and streamlined a new contract for dialysis services across nearly all system hospitals, resulting in increased savings. Additionally, BILH aligned system pricing for the most frequently used total shoulder implants.

The recent implementation of Epic across the system has enhanced BILH's visibility into various available data. The Supply Chain team has developed two new databases to identify savings opportunities and improve utilization. These initiatives demonstrate BILH's commitment to cost efficiency and reinforce a strategic focus on maximizing value for the BILH system.

In FY 2024, savings associated with integration-related Supply Chain initiatives totaled an estimated \$30.1M.

Revenue Cycle

The BILH Revenue Cycle Management ("RCM") team launched several initiatives in FY 2024 to improve performance and generate cost savings.

Organizational Alignment & Expense Reduction

In FY 2024, BILH realigned ~1,600 facility-based team members into distinct functional business units within RCM, including Scheduling, Financial Clearance, Financial Counseling, Patient Registration, Revenue Integrity, Health Information Management, Coding, Clinical Documentation Integrity, Hospital Patient Financial Services, and Professional Patient Financial Services. This organizational structure reaffirms BILH's commitment to leveraging economies of scale to deliver increased productivity at reduced costs.

Revenue Cycle Operations Consolidation

With the shift to a single patient financial platform in 2024, the BILH RCM team consolidated 21 unique revenue cycle operations into one hospital services revenue unit and one professional services revenue unit. These new consolidated revenue cycle operations will allow BILH's hospitals and other clinical entities to leverage enterprise best practices and further harmonize BILH's financial and business processes across the enterprise.

Charge Capture Improvement

The success of revenue capture is a leading indicator of the financial health of an organization. In 2024, BILH's Revenue Integrity team led enterprise-wide charge reconciliation workshops to improve and harmonize charging practices across the enterprise. These workshops helped educate each team on BILH charging policies and the importance of accurate charge capture and billing. As a result of the Epic go-live, the BILH Revenue Integrity team also established a consolidated chargemaster with defined and disciplined change management processes. These controls will help protect critical revenue streams and promote the proactive identification of issues affecting financial stability.

Banking Lockbox and Cash Processing Consolidation

Treasury activity across BILH has historically been decentralized, with numerous banking partners. In FY 2024, BILH Treasury and RCM teams began leveraging a single banking partner to consolidate cash processing activities across the enterprise. As each BILH entity migrates to Epic, the legacy banking and cash activities will be sunset. The centralization of BILH's banking processes will allow for greater cash controls with increased automation and will ultimately increase the timely application of payments and lower open accounts receivable.

Change Healthcare Cyber Attack

Change Healthcare, one of the largest health payment processing companies in the world, suffered a cybersecurity attack in February 2024 that created a significant backlog in unpaid claims for healthcare organizations across the country, including BILH. BILH utilizes Change Healthcare for numerous products and services including but not limited to insurance verification and claims transmission services.

BILH's ability to coordinate its response to this event minimized the potential impact to the system. Several mitigation steps were implemented by the Revenue Cycle team to limit the patient and revenue impact to BILH including:

- Patient Access teams reverted to downtime procedures using payer websites to check insurance eligibility coverage for BILH patients (manual vs automated),
- BILH's Treasury team initiated numerous cash advances from several of BILH's largest payers, and
- Billing teams deployed a temporary claims clearinghouse until the production site was re-enabled in March 2024.

Most services for insurance verification and claim transmissions resumed for all facilities in April 2024. BILH continues to pursue any remaining accounts receivable that are a byproduct of these revenue disruptions.

Human Resources

In FY 2024, BILH HR implemented interventions to improve recruitment, reduce turnover, and minimize the use of contract labor. HR achieved success in these areas, as well as others:

- Net hiring in critical areas was positive for the year;
- Turnover decreased for the year, most notably in first-year nursing;
- The HR Service Center enhanced its support to all BILH sites by insourcing additional vendor call center contracts and handling over 30,000 calls from across the system; and
- Employee Health consolidated its workers' compensation third-party administrators into a single vendor, driving reduced costs, a consistent approach, improved tracking, and overall risk management for all BILH entities.

Throughout the fiscal year, BILH HR advanced its efforts to create a more harmonized and streamlined system service, focusing on key projects throughout FY 2024 to set the stage for successful implementations in early FY 2025. One key initiative was the development of the BILH Medical Group, a multi-phase project that unifies BILH's various community-based physician organizations under a single leadership structure. This consolidated structure will support strategic goals such as enhancing provider recruitment and retention and improving clinical workflows.

Exeter Hospital's Emergency Management and Infection Prevention functions have transitioned to BILH, and employees from both Joslin Diabetes Center and Exeter Hospital have been integrated into BILH's health and wellness benefits programs (medical, dental, life, and vision). Exeter Hospital's transition is occurring in phases, with vision and disability plan integration scheduled for January 1, 2025.

Despite experiencing an increase in medical plan costs in FY 2024, the harmonization and design of benefits across the BILH system generated an estimated \$7.8M¹ in new margin in FY 2024. This was largely driven by an increase in employee utilization of BILH for medical services versus at other higher-priced providers. BILH also experienced an increase in employee utilization of BILH Pharmacies driven by employee benefits offerings, generating an additional \$3.7M in margin.

Finance Operations

As noted in the prior year's report, BILH went live with the Workday Enterprise Resource Planning platform in FY 2023. In FY 2024, efforts were made to enhance the Purchasing and Accounts Payable features in Workday. In addition, the implementation of Crowe Revenue Cycle Analytics, a tool that estimates net revenue based on historical payment rates, was completed at several BILH entities. These tools enable BILH Finance to standardize the management and reporting of crucial financial data.

In FY 2023, BILH chose JP Morgan as its sole merchant services provider for processing patient credit card payments. This decision led to a material reduction in the nominal rate for processing payments in FY 2024, resulting in an estimated \$400K in cost savings. Additionally, implementing centralized lockbox services across the system has resulted in new efficiencies.

Finally, in FY 2024, the organization implemented a management software program called LaborLytics.

¹ Excludes consideration of Exeter Health Resources

This program enables management and monitoring of labor utilization across the system, aiming to drive future cost savings.

Real Estate & Facilities

In FY 2024, BILH Real Estate conducted a comprehensive regional review of its hospital and clinical real estate portfolio. This analysis led to the development of tailored real estate plans for each system entity, identifying opportunities to consolidate space and terminate leases where appropriate. As a result, four properties were sold, generating \$1.2 million, and ten leases were terminated, saving \$4.5 million. This process not only added value to the system but also fostered collaboration among BILH entities in making real estate business decisions.

In FY 2024, BILH Facilities advanced efforts to centralize capital facilities and engineering operations, enhancing efficiency and streamlining processes across the system. The maintenance operations team explored opportunities to consolidate service contracts, driving consistency and cost-effectiveness.

Information Technology

In FY 2024, BILH IT successfully completed the first phase of a multi-year project to implement a single Electronic Medical Record system (“EMR”) across the entire BILH network. Additionally, BILH Cybersecurity strengthened its security posture through ongoing efforts to prevent and address incidents, while supporting various infrastructure, clinical application, and facility expansion projects.

The OneBILH Epic Rollout, initiated in FY 2023, is a top priority for BILH, with the goal of consolidating all facilities onto a unified Epic EMR system. This transition will provide clinicians across BILH access to comprehensive patient records. For example, physicians working at multiple hospitals will have immediate access to their patients' information, regardless of location. The unified EMR system will also offer significant quality and financial benefits, reducing medical errors caused by incomplete information and eliminating the need for duplicate testing by making full patient data available to more clinicians. Additionally, the new system will expedite the delivery of care by removing delays associated with transferring records between institutions.

On June 1, 2024, the first phase of the OneBILH Epic EMR Rollout went live at Beth Israel Deaconess Medical Center (“BIDMC”), New England Baptist Hospital, Joslin Diabetes Center, Addison Gilbert Hospital, BayRidge Hospital, Beverly Hospital, Lahey Hospital & Medical Center (“LHMC”), and Winchester Hospital. The technical cutover was a success, with only minor, expected issues, and feedback from the facilities was overwhelmingly positive. Over 24,000 employees have accessed the new EMR, and more than 15,000 staff members received training on the new software. Preparations are underway for the next two phases, with Anna Jaques Hospital, Beth Israel Deaconess Hospital–Milton, Beth Israel Deaconess Hospital–Needham, and Beth Israel Deaconess Hospital–Plymouth scheduled to go live in early FY 2025. The final phase is planned for early FY 2026.

In addition to the Epic rollout, several infrastructure and clinical application support projects were necessary to unify multiple systems. These included consolidating the Epic network, creating a BILH system domain, migrating third-party applications to the new domain, conducting hardware capacity assessments, upgrading and replacing fax and printer services, enhancing printer management, and deploying a mobile device management solution.

Key security initiatives completed by BILH IT in FY 2024 include the implementation of a single authentication model across BILH for security systems, migrating from legacy domains to a unified enterprise domain. BILH also standardized the use of Virtual Private Networks (“VPN”) by deploying a new GlobalProtect VPN across the network, while retiring legacy VPN infrastructure where feasible. Additionally, BILH enhanced its cloud cybersecurity to secure Direct Connect services for its Amazon Web Services infrastructure. Furthermore, BILH IT Cybersecurity resolved two major incidents: one affecting Anna Jaques Hospital and a global CrowdStrike outage, both managed with minimal disruption to clinical services.

B. Patient Care Efficiencies

With a continued focus on integrating operations and leveraging system-wide scale, depth, and purchasing power, BILH has driven material savings for the system across the patient care service areas of Pharmacy, Laboratory, and the Beth Israel Lahey Health Performance Network (“BILHPN”).

Pharmacy

During FY 2024, BILH Pharmacy achieved significant milestones that reflect its commitment to enhancing patient care and addressing health equity, including:

- Obtained access for the BILH specialty pharmacy into Point32Health and the WellSense Medicaid Accountable Care Organization. This accomplishment enables BILH to better serve 2,300+ Point32Health and 5,700+ WellSense patients it previously could not assist;
- Expanded medication authorization and access services by growing the team and expanding to 5 clinics, supporting over 85,000 prior authorizations, a 44% increase from FY 2023;
- Grew the medication refill center and expanded services to 5 clinics, allowing BILH to process over 305,000 medication renewals in FY 2024, a 49% increase from FY 2023;
- Enhanced patient assistance services to Northeast Hospital Corporation and Joslin Diabetes Center, helping to secure \$1.6M in manufacturer assistance and \$110K from the hospital entity patient assistance programs for these patients;
- Launched clinics focused on weight loss and irritable bowel syndrome and expanded access to anticoagulation management through the Centralized Anticoagulation Management Program,
- Achieved success in BILH’s cardiometabolic program aimed at reducing the health equity gap in diabetes and atherosclerotic cardiovascular diseases. The system’s goal was to improve blood pressure and glycosylated hemoglobin (“A1C”) levels. BILH has demonstrated a 31% improvement in A1C control among Black and Hispanic patients participating in the program as well as an average reduction in systolic and diastolic blood pressure of 12 mm Hg and 4 mm Hg, respectively, and,
- Launched InScript to provide Pharmacy Benefit Management (“PBM”) services to fully insured and self-funded health plans. BILH was InScript’s first client with services starting on July 1st, 2024. In 2024, BILH, in partnership with InScript, enabled more prescriptions to be filled at internal BILH pharmacies, resulting in savings of \$4.7M for the BILH Health Plan. Additionally, plan members saved over 20% on out-of-pocket costs under InScript compared to the prior PBM. The program also enabled greater access to medication as BILH continued to provide access to non-standard medications to our patients (e.g., GLP-1s for weight loss).

Laboratory

In FY 2024, BILH transitioned from its BILH Laboratory Academy model to a strategy of centralized oversight of all laboratory draw sites, with a focus on quality, service, and active recruitment of phlebotomists. This approach has already shown positive results, with 11 new community-based lab draw stations established to increase patient access to lab services and improve satisfaction for both patients and providers. The emphasis is on opening draw sites in primary care offices in outlying areas, with plans to expand into the metro Boston area in the future.

Additionally, BILH is advancing its initiative to replace chemistry analyzers across all hospitals. By leveraging the purchasing power of the system, this initiative aims to lower operating costs, increase testing capacity, improve throughput, and standardize equipment across the system.

BILH is also optimizing transportation routes for lab specimens, ensuring high standards for turnaround times and maximum efficiency, which further enhances the overall quality of laboratory services.

Clinical Engineering

In FY 2024, the BILH Clinical Engineering team continued the rollout of a single maintenance services vendor, Crothall, for diagnostic imaging equipment. There are now nearly 1,600 devices (which include ultrasound transducers and MRI coils) covered under BILH's selected partner, an increase of almost 1,000 items since FY 2023. This standardization of the Crothall model has resulted in enhanced service quality and reduced contract costs, generating an estimated \$2.6M in cost savings in FY 2024. The Clinical Engineering team continues to evaluate expiring service contracts to include in this program, when appropriate.

The BILH Clinical Engineering department continues to transition hospitals to the in-house biomed program already in place at the majority of BILH sites. In FY 2024, the team completed the prework that will allow another BILH hospital, which was using a third-party vendor, to transition in FY 2025. This change will result in significant cost savings, improved service quality, and high staff satisfaction. For example, the introduction of specialized technicians will drastically increase equipment uptime.

Lastly, the BILH Clinical Engineering team operationalized a storage location to collect and repurpose surplus equipment across the system. This has reduced capital expenses and the wait times for delivery of ordered equipment.

Beth Israel Lahey Health Performance Network

Single Clinically Integrated Network

BILHPN embarked on a strategic evolution in FY 2023 and fulfilled its vision to become a fully integrated Clinically Integrated Network ("CIN") in FY 2024, positioning its providers to improve care quality and achieve success in a value-based delivery system. Central to BILHPN's vision was to bring together Accountable Care Organization functions within BILHPN that previously occurred throughout the network. Such functions include population health, care management, provider enrollment, and contracting. In FY 2024, staff from Northeast Physician Hospital Organization ("PHO"), Winchester PHO, and New England Community Medical Group transitioned to BILHPN, followed in September by population health resources from Exeter Health Resources, to centralize and effectively manage

population health resources across BILH. Collectively, these organizations have a track record of national leadership and success, which provides a solid foundation of best practices and expertise upon which BILHPN is building.

Learning best practices from the success of legacy provider organizations, BILHPN has re-imagined its operating model to deliver the highest quality of care possible for patients and optimize performance. The primary goals of this new operating model are to improve the health of the populations BILH serves, improve patient experience, manage total medical expense trends, increase quality and surplus dollars returned to providers and hospitals, and improve care team well-being. Specifically, the BILHPN model creates geography-based local care units with dedicated clinical and population health resources, including nurses, pharmacists, population health specialists, clinical documentation improvement specialists, and care navigators. The resources are integrated with local practices to improve BILHPN-provider collaboration, develop customized performance improvement roadmaps based on local needs, and identify emerging trends and priorities that can drive quality and financial results. Among its priorities in FY 2024, BILHPN focused on areas of quality improvement, including enhancing diabetes care and hypertension management, reducing disparity gaps, lowering readmission rates, enhancing skilled nursing care visits, and improving care retention within the BILH system.

EPIC Implementation

BILHPN has efforts underway to support the network's transition to Epic's Healthy Planet population health tool. Healthy Planet will allow BILHPN clinicians and staff to see real-time care gaps and provide support to accurately document patient risk. A unified EMR and population health platform will strengthen care coordination between BILH primary care providers, specialists, and BILH hospitals, improve performance in health equity, and better identify social determinants of health. BILH expects point-of-care tools for providers to go live in the fall of 2025 with full system adoption by the fall of 2026.

Quality Improvement

BILHPN has taken steps to establish consolidated system-wide quality metric goals for adult primary care and pediatric providers across all payer types with a focus on managing chronic conditions and emphasizing preventive services to promote early detection and prevention for its patient population. This enables BILHPN providers to focus on areas with the greatest impact on quality improvement and clinical outcomes that in turn will support lower healthcare costs over the long term.

C. Shifting Care to Higher Value Settings

In FY 2024, BILH continued its efforts to drive material savings for the Commonwealth by increasing the volume of care provided at BILH versus higher-priced providers and increasing the volume of clinically appropriate care within BILH lower-cost settings.

BILH System Transfer Center (previously "Virtual Transfer Center")

In FY 2024, the BILH System Transfer Center co-located its team to a single, central location and focused on optimizing capacity across the system, with initiatives to increase the volume of clinically appropriate care in lower-cost community settings.

A major initiative launched this year sought to ease the pressure on tertiary Emergency Departments by transferring suitable patients to community hospitals. Notably, a multidisciplinary process change leveraging IT has significantly increased the number of patients identified and transferred from LHMC to nearby community hospitals.

BILH continues to expand alternative pathways for patients who previously required transfer to tertiary sites, providing them with the necessary support to continue care locally. This approach aims to improve the patient experience and reduce cost. For example, BILH has increased round-trip same-day access for patients requiring tertiary procedures/services, enabling patients to continue care at their community hospitals. In another example, the establishment of remote consult services has allowed LHMC physicians to provide virtual care to patients remaining at Beverly or Winchester hospitals. In FY 2025, BIDMC will be deploying a similar approach to expand remote consult services at BID-Needham, BID-Plymouth, and BID-Milton.

Looking ahead to FY 2025, all bed management will transition to the BILH System Transfer Center (except for maternal-fetal and behavioral health cases). This initiative will enable streamlined and standardized workflows as BILH entities integrate into Epic. The goal is to centralize all patient flow activities and reduce the administrative burden on local nurses and physicians. This approach will allow them to dedicate more time to direct patient care while streamlining access and placement for appropriate patients at BILH's community hospitals.

BILHPN Centralized Referral Management

BILHPN's centralized referral management program focuses on redirecting patients who are seeking out-of-network specialty care to in-network specialty care, when clinically appropriate. For FY 2024, BILHPN, for the second year in a row, was able to redirect more than 1,300 patient visits. In most cases, when care is retained within BILH, it results in enhanced care coordination at a lower cost of care. In August 2024, BILHPN expanded its centralized referral program to primary care providers affiliated with Mount Auburn Hospital. In the first month, BILHPN redirected 174 patients seeking out-of-network specialty care to a BILHPN provider.

Post-Acute Care

BILHPN collaborates with partners across BILH, such as BILH at Home and its preferred skilled nursing facility ("SNF") facilities, to champion and support care transition to a SNF or home. Leveraging discharge decision-support technology to avoid unnecessary SNF and inpatient rehabilitation facility stays, BILHPN care teams can identify patients at the onset of an acute hospital stay who without intervention would most likely go to a post-acute facility but could be safely discharged with homecare. BILHPN also evaluates discharge processes to continue to build and refine impactful programs that leverage technology and predictive data across the patient care journey in the post-acute setting.

Hospital at Home

BILHPN collaborates with emerging new care models across BILH, such as Hospital at Home, a program that provides patients with hospital-level care in the comfort of their own homes. The Hospital at Home team monitors patients around the clock through both video visits and twice daily in-person visits from

members of the care team. Patients who qualify for the program will receive the same medications, treatments, and tests as they would during a traditional hospital stay.

New Care Delivery Models

BILH continues to advance new and innovative delivery models such as group visits, virtual primary care, and remote patient monitoring to meet the needs of our patients, specifically those with diabetes, hypertension, preventive screening needs, and health equity gaps.

Performance Measurement

BILH has measured its performance at reducing the outmigration of care to high-cost providers using two analytic frameworks.

First, to measure its performance at reducing the outmigration of care to high-cost providers, BILHPN has reviewed its patients under risk-contract arrangements to measure the percentage of non-emergent inpatient admissions that went to non-BILHPN providers. It then categorized those providers by their relative cost. Based on the statewide relative price (“S-RP”) data for the calendar year 2022, published by the Center for Health Information and Analysis in July 2024, along with S-RP changes among facility providers and BILH’s restatement of Exeter Hospital as an in-network facility, BILHPN’s performance in reducing outmigration of care was mixed, as shown in Table 2. While overall outmigration declined among the Medicare and Medicaid populations, it increased for commercial PPO and HMO members, with commercial PPO experiencing the most significant increase. This increase was driven by a rise in commercial PPO membership (at the expense of primary care provider-managed commercial HMO), for whom referrals are not required, leading to more care occurring outside of the BILHPN network. Examples of providers outside of the BILHPN network include Mass General Brigham hospitals and Boston Children’s Hospital.

Table 2. Outmigration Rates for Non-Emergent Inpatient Admissions among BILHPN Patients in Risk Contract Arrangements, FY 2023 - FY 2024²

Payer	% Of Total Member Population (FY 2023)	% Of Total Member Population (FY 2024)	Outmigration Rates (Based on Utilization/1,000)		
			FY 2023	FY 2024	% Change (FY 2023- FY 2024)
HMO	38.3%	36.8%	27.2%	27.5%	0.3%
High Cost			13.1%	13.6%	0.5%
Medium Cost			10.7%	10.4%	-0.3%
Low Cost			1.5%	1.5%	0.1%
NO DEF			2.0%	2.0%	0.1%
PPO	21.3%	23.4%	36.4%	38.7%	2.3%
High Cost			21.9%	21.9%	0.1%
Medium Cost			13.0%	14.8%	1.9%
Low Cost			1.6%	1.5%	-0.1%
NO DEF			0.0%	0.4%	0.4%
MassHealth	15.8%	14.9%	26.3%	24.8%	-1.4%
High Cost			7.4%	5.0%	-2.4%
Medium Cost			10.9%	11.3%	0.4%
Low Cost			7.6%	7.4%	-0.2%
NO DEF			0.4%	1.2%	0.7%
Medicare	24.5%	24.9%	20.7%	20.5%	-0.2%
High Cost			11.7%	11.6%	-0.1%
Medium Cost			5.5%	5.3%	-0.2%
Low Cost			1.2%	1.2%	0.1%
NO DEF			2.4%	2.4%	0.0%

Second, BILH measured its success at strengthening the capabilities and market position of its community providers by tracking the case mix index (“CMI”) and inpatient volume trends at each BILH community hospital. As the data in [Table 3](#) shows, CMI increased 14% across BILH’s community hospitals between FY 2018 and FY 2024, reflecting significant growth in the ability of these institutions to provide complex care.

² This analysis is based on BILHPN claims data. Outmigration rates are based on utilization, not dollars. Excludes risk lives under Cigna, Unicare, Blue Cross Blue Shield (“BCBS”) Medicare Advantage and Tufts Medicare Preferred (“TMP”) as BILHPN does not receive complete data for these third-party payors. Outmigration analysis also excludes pediatrics, emergent admissions/surgeries, behavioral health/psych services and services related to eye and vision. Categorization of hospitals as high/medium/low cost is based on the most recent CHIA Relative Price and Provider Price Variation report, released in July 2024 based on CY 2022 data. BILH re-calculated the average RP factor for each hospital using the RP inpatient factors for the three major payors (BCBSMA, Harvard Pilgrim Health Care, and Tufts Health Plan) and applied it to both FY2023 and FY2024 to reflect the most recent statewide inpatient price relativities (“S-RP”) and assess annual trends. BILH classified as high cost those hospitals in the top 25th percentile of average relative inpatient price; medium-cost as the 25th – 75th percentile; and low-cost as the bottom quartile. The non-defined (“NO DEF”) category includes non-Massachusetts-based hospitals. BILH also reclassified Exeter Hospital as an in-network facility.

Table 3. Inpatient Volume and Case Mix Index “CMI” for BILH Hospitals, FY 2018 – FY 2024

As noted in previous reports, BILH will also measure its success in enhancing community-based care through the system’s ongoing commitments to community health center affiliates and safety net affiliates, as outlined in Paragraphs 98 to 112 of the AOD and as detailed in annual third-party monitor reports.

BILH Hospital	Hospital Type	Inpatient Discharges								Inpatient CMI							
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY2024	% Change FY 18 to FY 24	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	% Change FY 18 to FY 24
BIDMC	AMC	40,705	40,752	36,402	37,606	35,536	36,077	39,173	-4%	1.74	1.75	1.81	1.88	2.00	2.04	2.06	18%
LHMC	AMC	23,997	23,936	21,448	21,448	20,747	21,618	22,354	-7%	1.87	1.91	1.98	2.04	2.08	2.15	2.24	20%
Anna Jaques	Community	7,361	7,109	6,147	6,030	5,899	6,173	5,851	-21%	1.03	1.17	1.20	1.25	1.31	1.25	1.27	24%
BID-Milton	Community	5,787	6,135	5,741	5,843	5,340	5,760	6,593	14%	1.47	1.45	1.51	1.51	1.53	1.53	1.46	-1%
BID-Needham	Community	2,832	2,855	3,019	3,742	4,013	4,545	5,335	88%	1.37	1.34	1.36	1.35	1.35	1.41	1.37	0%
BID-Plymouth	Community	11,751	12,371	11,797	11,724	11,576	12,653	13,665	16%	1.38	1.40	1.40	1.44	1.51	1.50	1.47	7%
Beverly & Addison Gilbert	Community	21,358	21,087	19,181	18,873	18,685	19,048	20,076	-6%	1.25	1.26	1.27	1.27	1.30	1.30	1.32	6%
Mount Auburn	Community/Tertiary	14,574	13,514	12,337	12,741	12,378	12,088	11,469	-21%	1.11	1.08	1.06	1.12	1.16	1.39	1.36	23%
Winchester	Community	13,098	14,215	13,960	14,814	14,917	14,666	15,857	21%	1.19	1.17	1.16	1.18	1.19	1.23	1.21	2%
NEBH	Specialty	8,574	8,175	6,931	6,154	3,691	3,019	3,275	-62%	2.38	2.34	2.33	2.35	2.75	2.95	2.88	21%
TOTAL BILH Hospitals		150,037	150,149	136,963	138,975	132,782	135,647	143,648	-4%	1.54	1.55	1.57	1.60	1.66	1.70	1.71	11%
BILH AMCs		64,702	64,688	57,850	59,054	56,283	57,695	61,527	-5%	1.79	1.81	1.87	1.94	2.03	2.08	2.13	19%
BILH Community Hospitals		76,761	77,286	72,182	73,767	72,808	74,933	78,846	3%	1.23	1.24	1.25	1.28	1.31	1.35	1.40	14%

D. Elimination or Creation of Clinical Services

In FY 2024, BILH added the following clinical services:

- Beverly Hospital added 20 adult and 16 pediatric psychiatry beds to its license. These 36 inpatient psychiatry beds were transitioned from Anna Jaques Hospital.
- Beverly Hospital, BIDMC, and BID-Plymouth have added addiction consult services in their inpatient units and Emergency Departments.
- Heart Transplant Services were added at BIDMC in FY 2024.
- BILH Behavioral Services Danvers Treatment Center (“DTC”) resumed inpatient detoxification services on December 1, 2023, with a bed capacity of 32, following a suspension of services due to staffing. DTC’s Clinical Stabilization Services also increased its licensed bed capacity from 24 to 40.

In FY 2024, BILH discontinued the following clinical service:

- Mount Auburn Hospital temporarily suspended its Electroconvulsive Therapy (“ECT”) service due to the loss of a full-time psychiatrist with specialized experience in ECT. The team is actively recruiting for this position.

E. Other Consolidations of Services

In FY 2024, BILH established the role of Chief Quality Officer (“CQO”) as a senior leadership position to provide strategic direction, leadership, and operational oversight for the system’s quality and safety

programs. The CQO is tasked with developing and implementing evidence-based practices, fostering a culture of safety and excellence, and ensuring compliance with regulatory standards. This role focuses on reducing care variation, improving clinical outcomes, and enhancing patient satisfaction while positioning BILH as a leader in quality and safety among national academic and community health systems. By advancing innovative solutions and leveraging data analytics, the CQO drives continuous improvement, ensuring that BILH delivers exceptional care across the enterprise.

In FY 2024, BILH made significant progress toward harmonizing credentialing processes across the Medical Staff Offices (“MSO”) of its hospitals by implementing a unified electronic credentialing software. This modernization effort has led to numerous benefits, including more efficient workflows, reduced risk of error, improved regulatory compliance, and a substantial reduction in administrative burden. By centralizing and standardizing credentialing activities, the initiative ensures a consistent approach across the system while also strengthening operational effectiveness.