

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

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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. 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, consolidation, and creation of new clinical services, and
- Consolidation of operations.

Scope of this Report

This report represents the eighth submission of data and information and the seventh Annual Report submitted by BILH to the AGO under paragraph 129 of the AOD reporting requirements, covering the 12-month period of October 1, 2024, to September 30, 2025, except where otherwise noted. As with prior Annual Reports, the seventh Annual Report covers the subset of data elements available to BILH at the time of submission.

BILH Targeted Cost Savings: Overview

In the first five years following the merger, BILH exceeded its pre-merger targets, achieving \$153.1 million in savings compared to the Year 5 goal of \$86.4 million. BILH continues to strive for annual savings generated through system-wide initiatives that support operational efficiency and financial performance. Today, these initiatives reflect the ongoing optimization of a mature health system. Financial impact will be presented as year-over-year changes in net operating income, unless otherwise noted, to provide a clear view of how these efforts contribute to sustained improvement.

Effective in last year's Annual Report and going forward, BILH will continue to report savings generated through system-wide initiatives. It is important to note that, as BILH is now more than six 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. As such, the financial impact of system initiatives is presented as year-over-year impact on net operating income, unless otherwise indicated.

A. Operational Synergies

Supply Chain

In 2025, Global HealthCare Exchange recognized BILH Supply Chain as a Supply Chains of Distinction award winner, achieving national best-in-class levels for data quality and transaction accuracy in our consolidated system item master database. The high level of data accuracy helps maintain efficient purchasing of supplies and supports patient care across all BILH facilities.

In FY 2025, BILH Supply Chain focused on leveraging purchasing power to drive savings and cost avoidance on physician preference items and larger purchased services contracts. Through enhanced physician level analytics and partnership with clinicians across the system, two new value analysis teams were started to help evaluate and negotiate orthopedics and cardiovascular products. BILH Supply Chain surfaces numerous cost savings initiatives, and the value analysis teams provide immediate clinical feedback and assistance with negotiation and implementation. One large project involved driving savings by establishing pricing points for joint revision products. Working together, surgeons and BILH Supply Chain staff negotiated pricing resulting in \$2M in savings for the system. Cardiovascular initiatives included limiting cost increases while incorporating new complex technology to improve patient care. A new agreement was also negotiated with the medical surgical products distribution partner. This contract provides not only significant savings, but also 7-day delivery to the academic medical centers and just-in-time delivery for all hospitals, significantly improving inventory management. Additional purchased service initiatives reduced the number of vendors in the janitorial space for off-campus sites from over forty-four to three vendors for significant savings and improved service.

During this time, BILH Supply Chain also provided analytic forecasting for potential tariffs and successfully mitigated more than \$1.5M in proposed tariff increases from suppliers by leveraging size and scale and working collaboratively to adjust product purchasing when needed.

In FY 2025, savings and cost avoidance associated with integration-related Supply Chain initiatives totaled \$40.66M.

Revenue Cycle

The BILH Revenue Cycle Management team launched several initiatives in FY 2025 to further enhance efficiency.

Revenue Cycle Systems Integration

A primary focus in FY 2025 was the planning and execution of the third and final wave of Epic hospital and professional billing systems. This allowed for continued refinement of systems, operations and staffing in our system services function. These improvements provided the foundation for additional integration of revenue cycle resources, such as access, coding, and billing, into shared services from previously localized business models.

Revenue Cycle Transformation

In FY 2025, BILH conducted an end-to-end assessment of revenue cycle performance, identifying opportunities to improve patient access, streamline resources, and optimize efficiency. As a result of that assessment, BILH launched a Revenue Cycle Transformation initiative to develop an updated operating model that supports a high reliability, high-performing revenue cycle at the system level. This work, which is planned to continue into 2026 and beyond, includes efforts to further streamline access workflows across the system to improve both patient and provider experience. With upcoming changes in federal policy anticipated, the patient's financial experience and assistance will be a key focus.

Human Resources

In FY 2025, BILH HR continued to implement programmatic and data-driven interventions to improve recruitment, turnover, and workforce costs. HR achieved success in these areas, as well as others:

- Turnover decreased in FY 2025 to its lowest level since BILH was established as a system, with first-year turnover in allied health roles, a key systemwide goal for FY 2025, achieving a greater than 10% reduction by the end of the fiscal year.
- The HR Operations team enhanced support across all BILH sites by beginning the centralization of all onboarding support for new hires and establishing a center of expertise to manage immigration needs for BILH's 40,000-person workforce.
- In FY 2025, HR provided direct support across multiple functional areas for several key strategic initiatives. Most notably, Phase I and Phase II of the formation of BILH Medical Group were completed, unifying the system's various community-based physician organizations under a single leadership structure. HR played a key role supporting transitions for certain Mount Auburn Professional Services/New England Baptist Medical Associates/Lahey Clinic, Inc. providers to Harvard Medical Faculty Physicians and staff from Rockingham Visiting Nurse Association & Hospice to BILH at Home in December 2024. Additional initiatives included the transition of Exeter Revenue Cycle staff to BILH System Services and the transition of certain components of staff who operate BILH's Hospital at Home program from Lahey to BILH at Home in September 2025.

In addition to the above, four new employee medical plans were created and employee benefit rates were standardized across the system. Looking ahead, BILH HR is exploring standardizing employee Earned Time accruals and employer contributions to retirement plans across the system.

Finance Operations

Key accomplishments in FY 2025 include the full implementation of Revenue Cycle analytics across all entities, which provides standardized and reliable reporting of essential financial data. In addition, BILH deployed a system-wide decision support solution that enhances insight into financial and statistical information at both the direct and indirect cost levels, supporting more efficient use of resources across the system. BILH also initiated a system-wide discovery process for a new timekeeping and scheduling platform aimed at harmonizing scheduling workflows and pay practices.

Finally, BILH continues to benefit from consolidation of its credit card merchant services under a single provider, JP Morgan. The reduction in processing rates has generated financial efficiencies, and in FY 2025 BILH realized a full fiscal year of cost savings associated with this initiative. This resulted in saving just under 1% on credit card fees. The ongoing benefit reflects the sustained impact of efforts to streamline payment processing and optimize financial operations system-wide.

Real Estate, Capital Facilities and Engineering, Climate and Sustainability (formerly Real Estate & Facilities)

In FY 2025, BILH Real Estate partnered with Lahey Hospital & Medical Center (“LHMC”) and its joint venture partner, Gutierrez Inc., to sell the Boston Regional Medical Center building. Closed since 1999, the property was sold along with approved permits for the construction of a 378-unit residential development known as “The Residences at Spot Pond”, located at 5 Woodland Road in Stoneham. This project continues a series of redevelopment initiatives at the site and includes demolition of the Boston Regional Medical Center building. The sale generated new, public transit-accessible residences, and BILH/LHMC received \$6.1 million from the property sale, representing BILH/LHMC’s 49% joint venture share after expenses. These proceeds will be used to support BILH’s charitable healthcare mission.

Additionally, several key facility and energy initiatives were completed across Northeast Hospital Corporation (“NHC”). Beverly Hospital completed the conversion of its high-pressure central heating plant to a highly efficient low-pressure system, reducing carbon emissions, energy consumption, and labor requirements, while delivering measurable operational savings. NHC also upgraded its chiller plant on the Beverly Hospital campus to an N+1 capacity with an electrified chiller, improving redundancy and supporting electrification goals. Available data indicate that the steam plant has achieved an 8% reduction in gas usage and a 58% reduction in NOx emissions, and through the Fault Detection and Diagnostics/Retro Commissioning program “FacilityConnex”, a 12-month electrical use reduction of 229,000 kWh was realized. Finally, NHC has commenced work on its Addison Gilbert Hospital campus to replace the Steele Building envelope with a high-performance envelope and glazing system, a project expected to reduce energy use and carbon footprint, with final savings currently under evaluation in partnership with National Grid.

BILH initiated the first phase of a multiyear plan in FY 2025 to centralize Capital Facilities, Engineering, Climate, and Sustainability functions. This effort aims to enhance efficiency and streamline processes across the system from concept to closeout. The first phase included BIDMC, LHMC, MAH, BID Needham, BID Milton, BID Plymouth, and BILH Pharmacy’s facility in Westwood. The next phase, beginning in January 2026, will extend centralization to additional BILH hospitals.

By standardizing policies, procedures, procurement, and construction project management across the system, BILH expects to improve risk mitigation, transparency, budget forecasting, and cost savings. From a climate, sustainability, and energy perspective, scaling these programs system-wide will amplify their impact, helping to create a healthier future for patients, families, and staff while reducing carbon emissions and conserving natural resources.

Information Technology

In FY 2025, BILH IT continued advancing its strategic initiatives, achieving significant milestones across clinical systems, infrastructure, cybersecurity, and innovation. The most notable accomplishment was the successful go-live of the second wave of the OneBILH Epic Rollout on October 26, 2024, bringing Beth Israel Deaconess Hospital–Milton, Beth Israel Deaconess Hospital–Needham, Beth Israel Deaconess Hospital–Plymouth, and Anna Jaques Hospital onto the unified Electronic Medical Record (“EMR”) platform. The transition proceeded as planned, with support operations winding down ahead of schedule. Command centers closed within the expected timeframe, at-the-elbow assistance concluded shortly thereafter, and the majority of thousands of support requests logged during the stabilization period were resolved promptly.

Preparations for the third wave of the OneBILH Epic implementation, scheduled for October 4, 2025, were also underway. This phase includes Mount Auburn Hospital's Epic to Epic transition including additional applications, Exeter Hospital's first-time Epic implementation, Behavioral Services' migration from its Evolv EHR, and Harvard Medical Faculty Physicians adoption of Epic's professional billing application.

During the second wave stabilization period, BILH IT used internal development to create a custom fax indexing tool for primary care, progressing from concept to deployment within weeks. The pilot has been successful, and expansion into additional clinical areas, including Emergency Departments, is underway to further streamline workflows.

Looking ahead, BILH IT is collaborating with Dana-Farber Cancer Institute (“DFCI”) and Epic on a multi-phase project to transition DFCI's service lines to Beth Israel Deaconess Medical Center (“BIDMC”) for inpatient care and ancillaries, culminating in the integration of DFCI into the OneBILH Epic platform. This project includes a temporary “hospital within a hospital” model at BIDMC in advance of completion of a new DFCI inpatient facility. In FY 2025, foundational work focused on building relationships, assembling the project team, and conducting a comprehensive review of third-party applications.

In support of broader organizational priorities, BILH IT launched a revamped system-wide governance process in March 2025 to enhance local input, ensure stakeholder-driven prioritization, and provide transparency into project work. Innovation remains a cornerstone of BILH IT's strategy. Early in FY 2025, the team piloted Heidi AI Scribe, a clinical documentation tool aimed at improving provider efficiency and accuracy. Following a successful pilot, Heidi AI was made available enterprise-wide and now serves as a foundational element of BILH's FY 2026 digital health and AI roadmap, which focuses on three strategic areas: Clinician & Patient Experience, AI Democratization, and Financial & Operational Impact. Multiple use cases are being implemented using tools from partners such as Epic and OpenAI, alongside internally developed solutions.

FY 2025 also saw the launch of three major enterprise initiatives:

- The UKG time and scheduling implementation began, which will ultimately replace multiple time and scheduling systems across BILH. The transition to UKG will standardize workforce management, improve compliance, and provide system-wide visibility to improve staffing and cost control. This unified approach enhances employee experience, reduces administrative complexity, and delivers significant operational and financial efficiencies.
- Originally implemented in FY 2023, the Workday platform continued its expansion in FY 2025 by integrating Joslin and Exeter into the BILH instance. This integration creates a unified HR, Finance, supply chain platform for consistent processes, and enhanced reporting.
- Picture Archiving and Communications System standardization, unifying imaging systems across the network and enabling access to imaging across the BILH system.

In FY 2025, cybersecurity efforts focused on strengthening system security and resilience. Key initiatives included consolidating the Vendor Remote Access Solution to secure third-party connectivity, continuing the Rapid7 partnership for 24/7/365 Security Operations Center monitoring with a contract renewal planned for Summer 2025, and conducting scheduled penetration testing to identify and remediate vulnerabilities. The team also supported Health Insurance Portability and Accountability Act risk assessments to ensure compliance and safeguard patient data, while expanding cloud capabilities for the consolidated BILH Data Center to enhance resilience and scalability.

As BILH continues to consolidate and standardize major applications across the system, IT remains vigilant in mitigating the increased risk of cyber events that could impact multiple entities simultaneously. These accomplishments underscore BILH IT's commitment to innovation, security, and operational excellence in support of high-quality patient care.

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 2025, BILH Pharmacy achieved several significant milestones that reflect its commitment to expanding access to care, supporting primary care and specialty providers, and reducing administrative burden while improving medication adherence and clinical outcomes. These accomplishments include:

- Achieved continued success with the Cardiometabolic program. 325 patients were enrolled, achieving a 27% improvement in A1C level and reductions in systolic and diastolic blood pressure of 16 mm Hg and 9 mm Hg, respectively.
- Enhanced patient assistance services by providing over \$2.4M in copay assistance to ensure affordability in prescription medications.
- Facilitated free access to post-exposure prophylaxis medications for all sexual assault patients presenting to BILH Emergency Departments.
- Through strategic plan design, BILH Pharmacy preserved coverage of GLP-1 medications for weight management, significantly improving treatment adherence among participants in the Employee Weight Management program.

- Improved the care of patients seeking medication therapy for weight loss through a pharmacist staffed weight management clinic. 3,056 patients have been enrolled in the program, with persistence rate of 95.4% at three months, 87.8% at six months, and 81.4% at twelve months.
- Continued growth of BILH’s central anticoagulation program, with over 5,000 patients enrolled and achieving a time in therapeutic range of 72%, supporting improved patient outcomes.
- Expanded medication authorization and access services by adding 15 Full-Time Equivalents (a 24% increase) and three new clinic locations to BILH Pharmacy, supporting over 112,000 medication access requests, a 29% increase from FY 2024.
- The BILH Pharmacy Medication Refill Center processed over 408,000 medication renewals in FY 2025, a 33% increase from FY 2024. Workflow efficiencies improved turnaround times, with 93% of requests completed within 24 hours and pharmacist productivity increased by approximately 30%.

Laboratory

In FY 2024, BILH established the BILH Phlebotomy Services at the system level to provide support to BILH’s license clinical laboratories in opening new community-based laboratory draw stations and to contractually assume the responsibility for managing and staffing all of BILH’s community-based draw stations on behalf of the applicable licensed BILH clinical laboratory entity. In FY 2025, BILH Phlebotomy Services assisted with the opening of nine new laboratory draw stations throughout eastern Massachusetts, which improved patients’ access to lab services in the community and improved provider satisfaction and patient satisfaction. The primary care practices that are served by these new draw stations were, by the end of FY 2025, generating 300,000 lab tests from 66,000 patient encounters annually.

BILH Phlebotomy Services also contracted to assume the responsibility for managing and staffing the existing community-based draw stations operated by four BILH hospitals and, in FY 2026, it will expand this contract to assume responsibility for managing and staffing the existing draw stations operated by five additional BILH hospitals in the BILH system, for a total of 58 community-based draw station under the contracted management of BILH Phlebotomy Services. As part of its efforts on behalf of the licensed clinical laboratories throughout the BILH system, BILH Phlebotomy Services also implemented various initiatives that improved the quality of phlebotomy services and improved the patient experience, patient satisfaction¹ with the phlebotomy services in the draw stations managed by BILH Phlebotomy Services by the end of FY 2025.

This past year, BILH also continued its initiative to replace chemistry analyzers across all of its hospital laboratories by updating the chemistry analyzers at three hospitals to state-of-the art equipment, which will result in cost savings of \$6 million over the 7-year period following the go-live date of this equipment.

Finally, by leveraging the purchasing power of the system, BILH was able to renegotiate its contracts with reference laboratories, which achieved over \$700,000 in FY 2025.

Clinical Engineering

¹ 98.2% of the patients who were seen in the draw stations managed by BILH Services and who responded to patient satisfaction surveys in September 2025 reported that they were Very Satisfied or Satisfied with the phlebotomy services provided.

In FY 2025, the BILH Clinical Engineering team continued the rollout of a single maintenance services vendor, Intellas (formerly Crothall), for diagnostic imaging equipment, with more than 1,600 devices now covered under BILH's selected partner. This consolidation has significantly reduced the cost of equipment maintenance and enabled the standardization of uptime and key performance indicator reporting across all facilities. The Clinical Engineering team continues to evaluate expiring service contracts to include in this program, when appropriate.

The BILH Clinical Engineering department continued to transition hospitals to its in-house Biomed program, adding Exeter Hospital in FY 2025. The centralized Biomed team has reduced the cost of the program, improved service quality, and increased staff satisfaction. In 2025, the BILH Clinical Engineering team continued to operationalize and repurpose surplus equipment across the system. These efforts have reduced the need for rental equipment, reduced capital expense requests, and shortened wait times for delivery of needed equipment.

Maintenance

In FY 2025, the BILH Maintenance operations team continued its work on contract standardization and consolidation. An additional system committee was established to drive savings, align group purchasing contracts, and improve service levels for maintenance services across all BILH facilities. The BILH maintenance operations team regularly shares expertise on emergency response and, in FY 2025, implemented a forward stocking program for maintenance equipment, avoiding shipping delays and enabling faster repairs.

Beth Israel Lahey Health Performance Network (BILHPN)

Single Clinically Integrated Network

Prior to FY 2025, BILH participated with the Centers for Medicare & Medicaid Services (“CMS”) in four distinct Shared Savings Program Accountable Care Organizations (“ACOs”) across the Performance Network, assuming various levels of risk. In anticipation of the (4) legacy Medicare ACOs (BIDCO, Lahey, MACIPA, Exeter) terminating on December 31, 2024, BILHPN engaged with a consultant to support analytical projections across various scenarios for participation in 2025. The recommendation was a two-ACO approach with varying levels of risk. This approach produces the most favorable results and allows providers to participate in either a high or lower risk track, with an option to evaluate performance and move tax identification numbers between risk tracks annually.

Effective January 1, 2025, all eligible employed and affiliated primary care and specialist providers across BILHPN now participate in the two new Medicare Shared Savings Agreement contracts:

1. BILH PERFORMANCE NETWORK MEDICARE ACO-1, LLC - effective 1/1/2025 through December 31, 2029, and
2. BILH PERFORMANCE NETWORK MEDICARE ACO-2, LLC - effective 1/1/2025 through December 31, 2029.

The alignment of Medicare ACO contracts under BILHPN drives a shared ACO approach to improving efficiency and quality of care for our Medicare patients through centralized programming and resources. It creates a glidepath to accelerate risk as performance improves, and it provides BILHPN with the opportunity for annual participation curation options as needed.

Performance Improvement

In FY 2025, performance improvement initiatives anchored in a renewed focus on data integrity and operational alignment. A redesigned population health registry was developed to align as closely as possible with payer denominator quality files, supported by a strengthened partnership with the Data Integration and Data Analytics team. Together, this work produced a validated Master Patient List that better defined the patients with true care gaps—addressing a longstanding challenge in ensuring that reported performance reliably reflected actual clinical care. Significant effort was also dedicated to improving structured data quality and system connectivity, including building and repairing data connectors, collaborating with payers to obtain more complete and timely quality files, and consolidating multiple data sources into a single, common population health registry. These improvements materially enhanced visibility into true performance and enabled more credible, actionable conversations.

Each BILHPN practice was then paired with a dedicated Population Health Specialist (“PHS”) to utilize the data, and over the past year these relationships matured into consistent, high-value partnerships. Regularly scheduled meetings, routine gap list sharing, and structured quality measure reviews became standard practice. Improved data accuracy strengthened provider trust and shifted discussions toward more action-oriented interventions informed by a more reliable data set—resulting in measurable improvement.

BILHPN initiatives that positively contributed to FY 2025 outcomes included:

- Expansion of the central home blood pressure (“BP”) cuff distribution of free home BP cuffs to patients in need;
- Targeted patient outreach to mitigate acutely high BP readings in-office with consistent monitoring that positively correlated to lowered BP readings;
- Enhanced pre-visit planning in partnership with BILHPN PHS and Pharmacy teams; and
- The launch of a refreshed integrated care management program, enabling care management nurses to clinically intervene with patients with higher chronic and complex care needs.

Collectively, these initiatives drove year-over-year improvement across key measures and enabled the system to meet its internally established FY 2025 performance goals.

Significant progress was also made in the Clinical Documentation Improvement (“CDI”) space in FY 2025. The approach to provider acuity education was redesigned to improve engagement and reduce friction by shifting from an optional booking-link (“pull”) model to a proactive calendar-invite (“push”) model that appeared directly on providers’ schedules. These sessions were further strengthened through physician-led presentations, reinforcing clinical relevance and peer credibility. The program also successfully issued more than 40 Continuing Medical Education credits to participating providers in FY 2025. As a result, total provider attendance increased from fewer than 20 participants in FY 2024 to 225 providers in FY 2025.

Clinical documentation remains foundational to accurately represent the complexity and chronic care needs of patients. An improved understanding of the most prevalent conditions within local communities enables more targeted outreach to patients with specific chronic conditions and better alignment of documentation with the care delivered. In parallel, the post-visit CDI review program expanded to additional providers, consistently demonstrating strong performance in coding accuracy and risk

adjustment factor capture.

By supporting providers with documentation and coding, BILHPN helped reduce administrative burden and allowed clinicians to focus more fully on direct patient care—while ensuring that the clinical complexity of the populations served is appropriately and consistently reflected.

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, enhance the 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. These 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 2025, BILHPN focused on areas of quality improvement, including strengthening diabetes care and hypertension management, lowering readmission rates, enhancing skilled nursing care visits, and improving care retention within the BILH system.

C. Shifting Care to Higher Value Settings

In FY 2025, 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 lower-cost settings across BILH.

BILH System Capacity Command Center (Previously BILH System Transfer Center)

In FY 2025, BILH launched the Capacity Command Center (“CCC”), centralizing the Transfer Center and Bed Management activities for all BILH hospitals. By unifying these functions, the CCC enhances system-wide capacity management and improves patient flow through standardized processes. This centralization also reduces administrative and operational burden on local nurses and physicians, enabling them to dedicate more time to direct patient care. The CCC currently manages medical, surgical and ICU transfers throughout BILH’s thirteen hospitals — over 2,000 beds and approximately 22,000 transfers annually. Labor and delivery, perinatal/neonatal services, and hospital-based inpatient behavioral health are currently not within scope.

The CCC plays a critical role in supporting BILH system strategic priorities, including the expansion of a number of alternative care pathways that enable patients to receive needed services while remaining in their communities. The approach aims to improve the patient experience and reduce costs while simultaneously alleviating the significant capacity pressure at BILH’s academic medical centers. This work is accomplished through a constellation of teleconsult services, same day roundtrips for specialty procedures, and increased transfers to BILH community hospitals.

Centralizing operations and logistics also created a single data source for patient flow information within OneBILH Epic. Looking ahead to FY 2026, this information will be utilized to identify high-impact opportunities for clinical investments that will support our community sites and preserve academic medical center capacity for patients who require tertiary care. The data will also facilitate continuous process improvement to increase CCC operational efficiency.

Additionally, in FY 2026, referrals, transfers, and bed management for BILH Behavioral Services' ("BILH BS") inpatient and residential programs will also be centralized under the CCC. This new structure will enhance and streamline access to substance abuse treatment, improve coordination, and strengthen the ability to track data and identify opportunities for improvement.

BILHPN Centralized Referral Management

BILHPN's centralized referral management program continues to focus on redirecting patients who are seeking out-of-network specialty care to in-network specialty care, when clinically appropriate. In FY 2025, the program redirected more than 2,500 patient visits, an increase of nearly 1,200 cases compared to FY 2024. 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 include primary care providers affiliated with Mount Auburn Hospital. FY 2025 resulted in BILHPN redirecting 2,275 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, BILH hospital case managers and its preferred skilled nursing facility ("SNF") facilities, to champion and support care transition to a SNF or home. Hospitals have on-going education to make sure the patient is discharged to the right level of care based on the patient's clinical needs. Early mobilization programs are championed at the hospitals so that patients may retain their level of mobility and be safely discharged home. BILHPN has established a nurse care manager program to work with a select number of our preferred SNFs around improving transitions of care and safe discharges to home with PCP follow-up. BILHPN continues to evaluate 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 inpatient-level care in the comfort of their own homes. The Hospital at Home patients are supported with 24/7 virtual nursing and physicians (who see patients via video visits) as well as at least twice daily in person visits with a nurse or community paramedic. Patients who are offered and subsequently elect to receive their inpatient care in their home are treated with the same medications and care plans as they would receive during a traditional hospital stay. Lahey Hospital & Medical Center has had this model of care available to clinically eligible patients who qualify since August of 2023. The program was paused initially due to the expiration of the CMS waiver on September 30, 2025 and subsequently due to a vendor transition with the plan to restore the program in the late second/early third quarter of FY 2026.

New Care Delivery Models

BILH and BILHPN continue to focus on advancing innovative delivery models. In FY 2025, BILH

expanded remote patient monitoring to additional practices and partnered with a virtual cardiac rehab vendor, Recora.

BILHPN and its Clinical Excellence division will also be working with a vendor to launch an AI agent, which will assist with identifying and closing care gaps.

Performance Measurement

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

First, to assess performance in reducing care outmigration to high-cost providers, BILHPN analyzed patients under risk-contracts and calculated the percentage of inpatient admissions occurring outside the BILHPN network, categorizing those providers by their relative cost. Using the Statewide Relative Price (“S-RP”) data for calendar year 2023, published by the Center for Health Information and Analysis in August 2025, along with changes in facility S-RP, results were mixed, as shown in [Table 2](#).

Outmigration decreased among the Medicaid population, while the commercial PPO rate remained relatively steady, showing only marginal negative fluctuation. Recent data indicates a temporary uptick in outmigration rates for the HMO and Medicare populations; however, this trend is largely driven by the successful recruitment of new PCPs participating in these products. Many of these clinicians join with established referral patterns and clinical relationships outside the BILHPN network. As they become fully integrated—gaining access to internal referral platforms and aligning with BILHPN clinical workstreams—outmigration rates are expected to stabilize and improve.

Table 2. Outmigration Rates for Inpatient Acute Admissions among BILHPN Patients in Risk Contract Arrangements, FY 2024 vs FY 2023²

Payer	% Of Total Member Population (FY 2024)	% Of Total Member Population (FY 2025)	Outmigration Rates (Based on Utilization/1,000)		
			FY 2024	FY 2025	% Change (FY 2024 vs FY 2025)
HMO	36.8%	36.7%	27.5%	29.7%	2.2%
High Cost			15.2%	16.5%	1.3%
Medium Cost			8.8%	9.7%	0.9%
Low Cost			1.7%	1.6%	-0.1%
NO DEF			1.8%	1.9%	0.1%
PPO	23.4%	23.9%	38.7%	39.1%	0.4%
High Cost			23.2%	22.5%	-0.7%
Medium Cost			13.7%	14.5%	0.8%
Low Cost			1.7%	1.9%	0.2%
NO DEF			0.0%	0.2%	0.2%
MassHealth	14.9%	12.7%	24.8%	21.7%	-3.2%
High Cost			5.9%	5.4%	-0.5%
Medium Cost			10.5%	10.4%	-0.1%
Low Cost			7.7%	5.4%	-2.4%
NO DEF			0.7%	0.5%	-0.2%
Medicare	24.9%	26.7%	20.5%	25.1%	4.6%
High Cost			12.3%	14.1%	1.7%
Medium Cost			4.6%	5.9%	1.3%
Low Cost			1.3%	0.9%	-0.4%
NO DEF			2.2%	4.3%	2.0%

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 16% across BILH’s community hospitals between FY 2018 and FY 2025, reflecting significant growth in the ability of these institutions to provide complex care.

Table 3. Inpatient Volume and Case Mix Index “CMI” for BILH Hospitals, FY 2018 – FY 2025

² This analysis is based on BILHPN claims data. Outmigration rates are based on utilization, not on 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 August 2025 based on CY 2023 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), adjusted for industry acquisitions/ownership transfers and applied it to both FY2024 and FY2025 to reflect the most recent statewide inpatient price relativities (“S-RP”) and assess annual trends. High-cost category reflects those hospitals that are in the top 25th percentile of average relative inpatient price; medium-cost in the 25th – 75th percentile price; and low-cost in the bottom quartile. The non-defined (“NO DEF”) category includes non-Massachusetts-based hospitals.

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	FY 2024	FY 2025	% Change FY18 to FY25	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	% Change FY18 to FY25
BIDMC	AMC	40,705	40,752	36,402	37,606	35,536	36,077	39,173	38,780	-5%	1.74	1.75	1.81	1.88	2.00	2.04	2.06	2.14	23%
LHMC	AMC	23,997	23,936	21,448	21,448	20,747	21,618	22,354	22,614	-8%	1.87	1.91	1.98	2.04	2.08	2.15	2.24	2.27	22%
Anna Jaques	Community	7,361	7,109	6,147	6,080	5,899	6,173	5,851	4,878	-34%	1.08	1.17	1.20	1.25	1.31	1.25	1.27	1.33	30%
BID-Milton	Community	5,787	6,135	5,741	5,843	5,340	5,760	6,993	6,512	13%	1.47	1.45	1.51	1.51	1.53	1.53	1.46	1.45	-1%
BID-Needham	Community	2,832	2,855	3,019	3,742	4,013	4,545	5,335	4,798	69%	1.37	1.34	1.36	1.35	1.35	1.41	1.37	1.43	4%
BID-Plymouth	Community	11,751	12,371	11,797	11,724	11,576	12,653	13,665	13,151	12%	1.38	1.40	1.40	1.44	1.51	1.50	1.47	1.45	5%
Beverly & Addison Gilbert	Community	21,358	21,087	19,181	18,873	18,685	19,048	20,076	19,526	-9%	1.25	1.26	1.27	1.27	1.30	1.30	1.32	1.35	8%
Mount Auburn	Community/Tertiary	14,574	13,514	12,337	12,741	12,378	12,088	11,469	11,911	-18%	1.11	1.08	1.06	1.12	1.16	1.39	1.36	1.31	18%
Winchester	Community	13,098	14,215	13,960	14,814	14,917	14,666	15,857	14,871	14%	1.19	1.17	1.16	1.18	1.19	1.23	1.21	1.26	6%
NEEH	Specialty	8,574	8,175	6,931	6,154	3,691	3,019	3,275	2,474	-71%	2.38	2.34	2.33	2.35	2.75	2.95	2.88	3.15	32%
TOTAL BILH Hospitals		150,037	150,140	136,963	138,975	132,782	135,647	143,648	139,515	-7%	1.54	1.55	1.57	1.60	1.66	1.70	1.71	1.74	13%
BILH AMC's		64,702	64,688	57,850	59,054	56,283	57,695	61,527	61,394	-5%	1.79	1.81	1.87	1.94	2.03	2.08	2.13	2.19	23%
BILH Community Hospitals		76,761	77,286	72,182	73,767	72,808	74,933	78,846	75,647	-1%	1.23	1.24	1.25	1.28	1.31	1.35	1.40	1.42	16%

D. Elimination or Creation of Clinical Services

In FY 2025, BILH added the following clinical services:

- Clinical services and space were expanded at the existing Beth Israel Deaconess Medical Center off-campus satellite in Chestnut Hill in February 2025.
- Beth Israel Deaconess Medical Center added 3 ICU level beds to its license in March 2025 as part of the establishment of the New England Donor Services (NEDS) Donor Care Unit at BIDMC.
- Beth Israel Deaconess Hospital-Milton opened a new cardiac testing department.
- Beth Israel Deaconess Hospital-Needham obtained temporary approval from DPH to operate 9 additional inpatient beds due to ongoing capacity issues at the Hospital.
- Lahey Hospital & Medical Center obtained temporary approval from DPH to operate 12 additional inpatient beds due to ongoing capacity issues at the Hospital.
- Beth Israel Deaconess Hospital-Plymouth obtained temporary approval from DPH to operate 23 additional inpatient beds due to ongoing capacity issues at the Hospital.
- Beth Israel Deaconess Medical Center obtained temporary approval from DPH to operate 6 additional inpatient beds due to ongoing capacity issues at the Hospital.
- Beth Israel Deaconess Hospital-Plymouth consolidated its off-campus physical therapy and occupational therapy service at Pine Hills with its Cordage Park physical therapy and occupational therapy service located 11 miles away.

In FY 2025, BILH discontinued the following clinical services:

- Beth Israel Deaconess Medical Center closed its Bariatric Clinic in October 2024.
- Beverly Hospital closed its surgical weight loss program in October 2024. The location continues to offer Medical Weight Loss services.
- New England Baptist Hospital temporarily suspended operations at its off-campus ambulatory surgery satellite at 1 Brookline Place in October 2024.
- Beth Israel Lahey Health Behavioral Services' Haverhill Outpatient Clinic closed as of October 2024. Patients transitioned to other BILH BS clinic sites or were provided referrals to other community supports.
- BILH BS ceased offering its intensive outpatient program at its Salem Clinic in February 2025 due to low volume and census. All existing patients completed the program, and new patient referrals were integrated into other similar BILH ambulatory services or were referred to other service providers.
- BILH BS ended its First Team contract with DCF in June 2025. All active cases were closed appropriately prior to end date.
- BILH BS closed its inpatient detoxification (ATS) program in Tewksbury and consolidated its operations with its Danvers ATS program on September 30, 2025.
- Beth Israel Deaconess Medical Center-Plymouth closed its in-person Cardiac Rehab service and contracted with a virtual cardiac rehab vendor to provide this service to patients at home.

In FY 2025, BILH transitioned the license and operations for the following clinical services within the organization:

- Lahey Hospital & Medical Center transferred the license and operations of its Neurology clinic at

29 Mall Rd., Burlington to Beverly Hospital in December 2024.

- Winchester Hospital transferred the license and operations of its Infusion Service and Hematology and Oncology clinic to Beth Israel Deaconess Medical Center in January 2025.
- Anna Jaques Hospital transferred the license and operations of its Infusion Service and Hematology and Oncology clinic to Beverly Hospital in April 2025.
- Mount Auburn Hospital transferred the license and operations of its Infusion Service to Beth Israel Deaconess Medical Center in May 2025.

E. Other Consolidations of Services

In FY 2025, BILH advanced a coordinated initiative to enhance and harmonize policy and procedure management by expanding the use of the MCN/Elucid Policy Manager across BILH hospitals. This platform supports greater consistency and alignment across hospitals and affiliated entities by standardizing how clinical and operational policies are maintained, reviewed, and accessed. By reducing variation in documentation practices and improving transparency and oversight, the initiative strengthens regulatory compliance and supports patient safety. In FY 2025, AJH was added to the platform, joining BIDMC, BID-Needham, BILH Pharmacy and NHC. Additional BILH entities have begun implementation and are scheduled to go live in FY 2026.

In FY 2025, BILH established the BILH Medical Group (BILHMG) to better support employed physicians and APPs practicing in community setting. The Medical Group is comprised of two organizations, BILH Primary Care (BILHPC) and BILH Specialty Care (BILHSC). By bringing these practices together under a unified and aligned leadership structure, the Medical Group aims to provide a more consistent experience across its practices for providers, staff, and patients, improve care coordination, and enable greater operational efficiency.