



# HPC Board Meeting

June 13, 2024



# Agenda



## CALL TO ORDER

Approval of Minutes (**VOTE**)

HPC Market Oversight and Steward Healthcare

Trends in Pharmacy Innovation and Implications for Health Care Costs

Executive Director's Report

Adjourn

# Agenda



Call to Order



## **APPROVAL OF MINUTES (VOTE)**

HPC Market Oversight and Steward Healthcare

Trends in Pharmacy Innovation and Implications for Health Care Costs

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Adjourn

# VOTE

## Approval of Minutes from the April 11, 2024 Board Meeting



### MOTION

That the Commission hereby approves the minutes of the Commission meeting held on **April 11, 2024**, as presented.

# Agenda



Call to Order

Approval of Minutes (**VOTE**)



## **HPC MARKET OVERSIGHT AND STEWARD HEALTHCARE**

- Status of Proposed Stewardship Health – OptumCare Material Change Notice
- Guest Presentation: Katie Catanese, Partner, Foley & Lardner, “*Overview of the Chapter 11 Bankruptcy Process*”

Trends in Pharmacy Innovation and Implications for Health Care Costs

Executive Director’s Report

Adjourn

# Agenda



Call to Order

Approval of Minutes (**VOTE**)

HPC Market Oversight and Steward Healthcare

➤ **STATUS OF PROPOSED STEWARDSHIP HEALTH – OPTUMCARE MATERIAL CHANGE NOTICE**

- Guest Presentation: Katie Catanese, Partner, Foley & Lardner, “*Overview of the Chapter 11 Bankruptcy Process*”

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## Stewardship Health – OptumCare: Update on Ongoing Review



- On March 26<sup>th</sup>, the HPC received notices of material change regarding the proposed sale of Steward subsidiary **Stewardship Health**, the parent of Stewardship Health Medical Group, which employs primary care and other clinicians across nine states, and Steward Health Care Network, a provider contracting network, to **OptumCare**, a subsidiary of UnitedHealth Group.
- HPC staff have begun initial review, but the notice is not yet complete, so the 30-day timeline for preliminary review has not yet begun. Notably, the HPC has not received a definitive agreement governing the transaction.
- On May 6<sup>th</sup>, Steward filed a petition of bankruptcy, seeking court approval to sell its assets. That includes the Stewardship Health physician network as well as hospitals in Massachusetts and other states.
- The HPC review of the Stewardship sale is not supplanted by the bankruptcy filing.

# Agenda



Call to Order

Approval of Minutes (**VOTE**)

HPC Market Oversight and Steward Healthcare

- Status of Proposed Stewardship Health – OptumCare Material Change Notice

➤ **GUEST PRESENTATION: KATIE CATANESE, PARTNER, FOLEY & LARDNER,  
“OVERVIEW OF THE CHAPTER 11 BANKRUPTCY PROCESS”**

Trends in Pharmacy Innovation and Implications for Health Care Costs

Executive Director’s Report

Adjourn



# Overview of the Chapter 11 Bankruptcy Process

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## Katherine R. Catanese

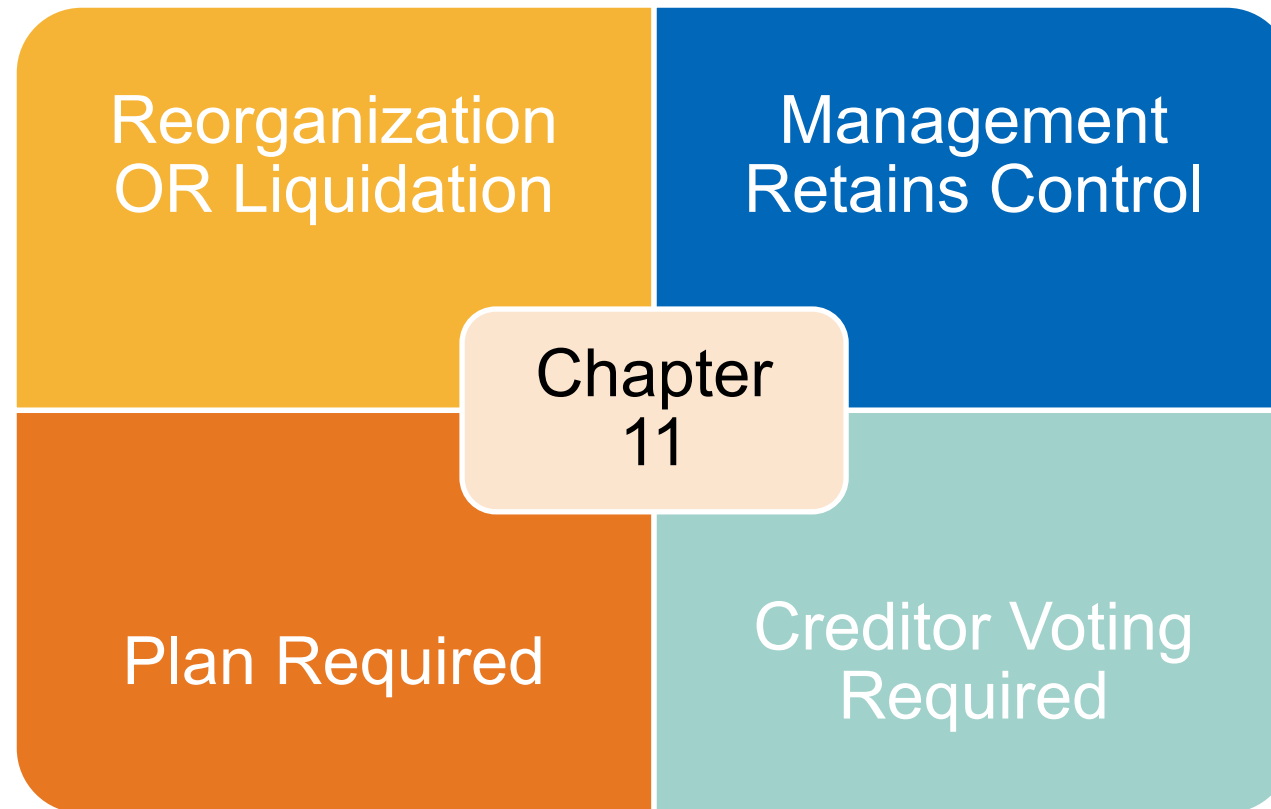
*Partner, Bankruptcy & Business, Reorganizations Practice*

Foley & Lardner LLP

[kcatanese@foley.com](mailto:kcatanese@foley.com)



# Chapter 11 Overview



# The Automatic Stay - Scope

- Automatic stay = **self-enforcing** injunction. Happens automatically upon the filing of a bankruptcy petition
- Prohibits **any act to obtain possession or exercise control** over property of the estate, including:

Foreclosure

Acceleration

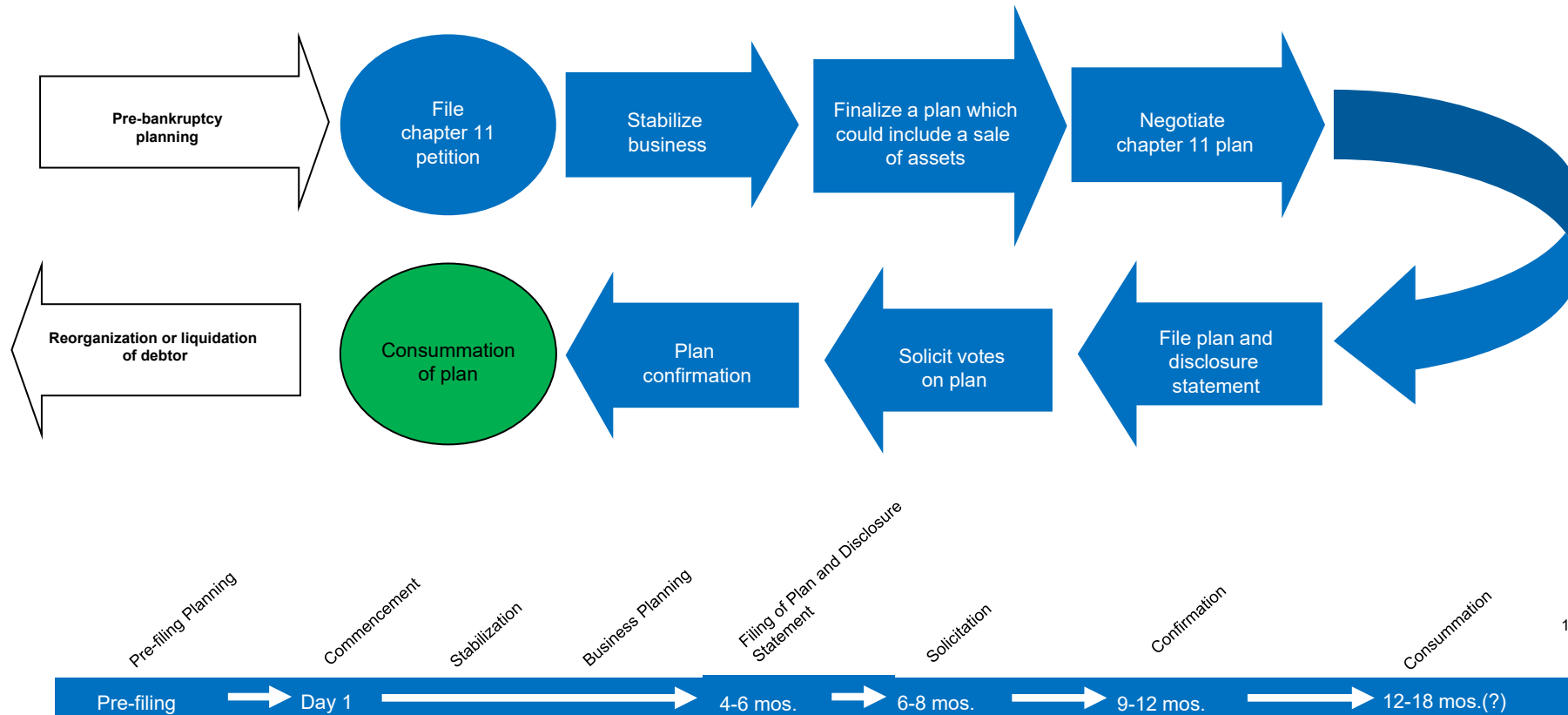
Sweeping & Applying Escrows

Perfection of Security Interests

# The Automatic Stay - Exception

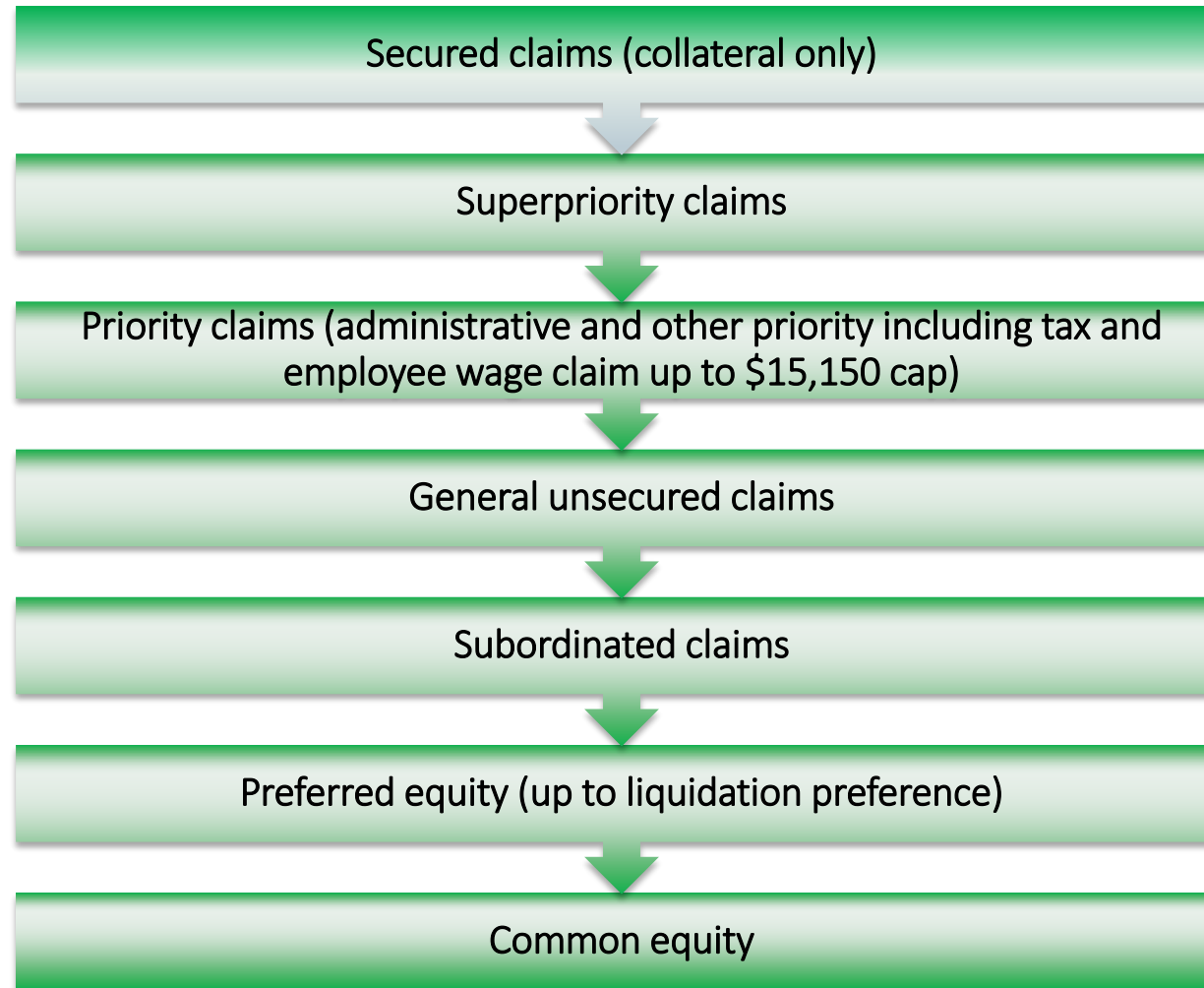
- There is an exception to the automatic stay to the extent a government unit is using its police power:
  - A governmental unit is permitted to commence or continue an action or proceeding to enforce its police and regulatory power, including enforcement of a judgment (other than a money judgment).

# Stages of a “Traditional” Business Reorganization



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# The Claims “Waterfall”



# Financing in Bankruptcy Cases

- During a bankruptcy case, a Debtor needs permission to use its own cash if another party has a security interest in the cash (called “Cash Collateral”).
- Debtors also need permission to take out loans to operate during bankruptcy (commonly called “DIP Financing”)
- DIP Lenders are given preferential treatment for repayment of the loans they make to a Debtor.

# Asset Sales (called section 363 Sales) in Bankruptcy

- The Bankruptcy Code permits a Debtor to sell its assets “free and clear of liens, claims and encumbrances” to purchaser.
  - Interests in the property attach to sale proceeds
- Notice to all interested parties and Court approval is required for the sale to be completed.
- Purchaser can obtain Debtors’ contracts through this process.
- The Court’s approval cuts off claims against the buyer for anything that happened before the sale (e.g. successor liability).



# Standard Process for 363 Sale

- A debtor will generally file a motion with the Court laying out the procedures pursuant to which it will sell its assets, including:
  - Procedures to market the assets for sale;
  - Procedures for buyers to conduct due diligence;
  - If available, identification of a stalking horse bidder who will set the “floor” for any auction of the assets;
  - Requirements for parties to bid on the assets;
  - A process to assume and assign contracts;
  - Drafts of the Asset Purchase Agreement and Sale Order

# Standard Process for 363 Sale

- If there are multiple interested bidders, the Debtor will hold an auction to determine the highest and best bid
  - The Debtor can determine if it wants to sell the assets piecemeal or as a whole
  - The highest and best bid will prevail (this may not be the highest dollar value)
- After a winning bid is determined, there will be a hearing to ensure that the sale is in accordance with the Bankruptcy Code

# Executory Contracts

- Executory contracts are those where both the Debtor and counterparty have unperformed obligations to each other.
- Debtor has the option of assuming, assuming and assigning, or rejecting its executory contracts.
- Assumption (and assignment) requires the Debtor to cure any prepetition defaults.
- During the post-petition and pre-assumption/rejection period, an executory contract remains in existence and is enforceable by, but not against, a Debtor.
- Debtor can assume or reject an executory contract at any time prior to the confirmation of its plan.
  - A counterparty can ask the Court to force an early assumption or rejection.

# Final Stages of a Chapter 11

- At the end of a Chapter 11 case, the Debtor will file a plan that will either lay out how it will reorganize or liquidate its assets.
- The plan will discuss how the claims of creditors will be addressed, including payment, objections, and other such provisions.
- Creditors are entitled to vote on the plan.
  - Generally, all classes of creditors must approve the plan, but there are options to confirm a plan over the objections of creditors if certain statutory requirements are met.
- Creditors and other parties in interest are entitled to object to the plan.
- After a plan is confirmed, there is an injunction in place that prevents creditors from taking any action against the Debtor on account of any of the claims that were addressed in the plan.

# Bid Procedures to Sell Steward Assets

- On June 3, 2024, the Bankruptcy Court for the Southern District of Texas entered an order approving Steward's bid procedures for sale of its assets:
- Round 1: All Hospitals (except Fla.) and Stewardship Health Assets
  - No Stalking Horse Bids have been filed for any of these assets at this time
  - Bid Deadline: June 24
  - Auction: June 27
  - Sale Hearing: July 11, 2024 at 1:00 p.m. Central time
- Round 2: Fla. Hospitals
  - Fla. Priority Facilities expected to have Stalking Horse Agreement executed by June 30
  - Bid Deadline: August 12
  - Auction: August 13
  - Sale Hearing: August 22
- No expected closing date provided because closing is contingent on federal and state regulatory approval.

# Assumption and Assignment Procedures

- As part of the approved Bid Procedures, the Debtors will file a Cure Notice indicating what contracts that they may wish to assume and assign, and the cure amount they believe is owed.
  - Deadline to file the Cure Notice is five business days after entry of Order (June 10).
- Parties that object to the cure of their contract must file their objection within 10 days of service of the notice.
- After the sale and auction process is complete, if a contract counterparty wishes to object to the adequate assurance of future performance by the buyer, the deadline is July 8, 2024 for Stewardship Health and First Round Hospitals.

# The Sale Hearing and Closing

- If the Debtors' proposed sale is approved at the hearing, the parties can proceed to close the transaction(s) after the hearing, but only once regulatory approval is obtained.
- All of the various interest parties' rights in connection with the sale have been preserved and will be able to be raised at the sale hearing.

# Thank You

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Call to Order

Approval of Minutes (**VOTE**)

HPC Market Oversight and Steward Healthcare



## **TRENDS IN PHARMACY INNOVATION AND IMPLICATIONS FOR HEALTH CARE COSTS**

- Prescription Drug Spending Trends in Massachusetts
- Research Spotlight: Early Evidence of Use and Spending Impacts of Blockbuster GLP-1 Weight-Loss Drugs in Massachusetts
- Guest Presentation: Dr. Rena Conti, Associate Professor and Dean's Scholar, Department of Markets, Public Policy, and Law, Questrom School of Business, Boston University, "National Trends in Innovation and Spending on Prescription Drugs and Policy Considerations"

Executive Director's Report

Adjourn

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HPC Market Oversight and Steward Healthcare

Trends in Pharmacy Innovation and Implications for Health Care Costs

## **PRESCRIPTION DRUG SPENDING TRENDS IN MASSACHUSETTS**

- Research Spotlight: Early Evidence of Use and Spending Impacts of Blockbuster GLP-1 Weight-Loss Drugs in Massachusetts
- Guest Presentation: Dr. Rena Conti, Associate Professor and Dean's Scholar, Department of Markets, Public Policy, and Law, Questrom School of Business, Boston University, "National Trends in Innovation and Spending on Prescription Drugs and Policy Considerations"

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# The HPC has recommended state action to address rising pharmaceutical spending every year since 2015.



## 2023 Cost Trends Report Policy Recommendation #3: **Enhance Oversight of Pharmaceutical Spending.**

The HPC continues to recommend that policymakers take steps to address the rapid increase in retail drug spending in Massachusetts with policy action to enhance oversight and transparency. Specific policy actions include adding pharmaceutical manufacturers and pharmacy benefit managers (PBMs) under the HPC's oversight, enabling the Center for Health Information and Analysis (CHIA) to collect comprehensive drug pricing data, requiring licensure of PBMs, expanding the HPC's drug pricing review authority, and establishing caps on monthly out-of-pocket costs for high-value prescription drugs.

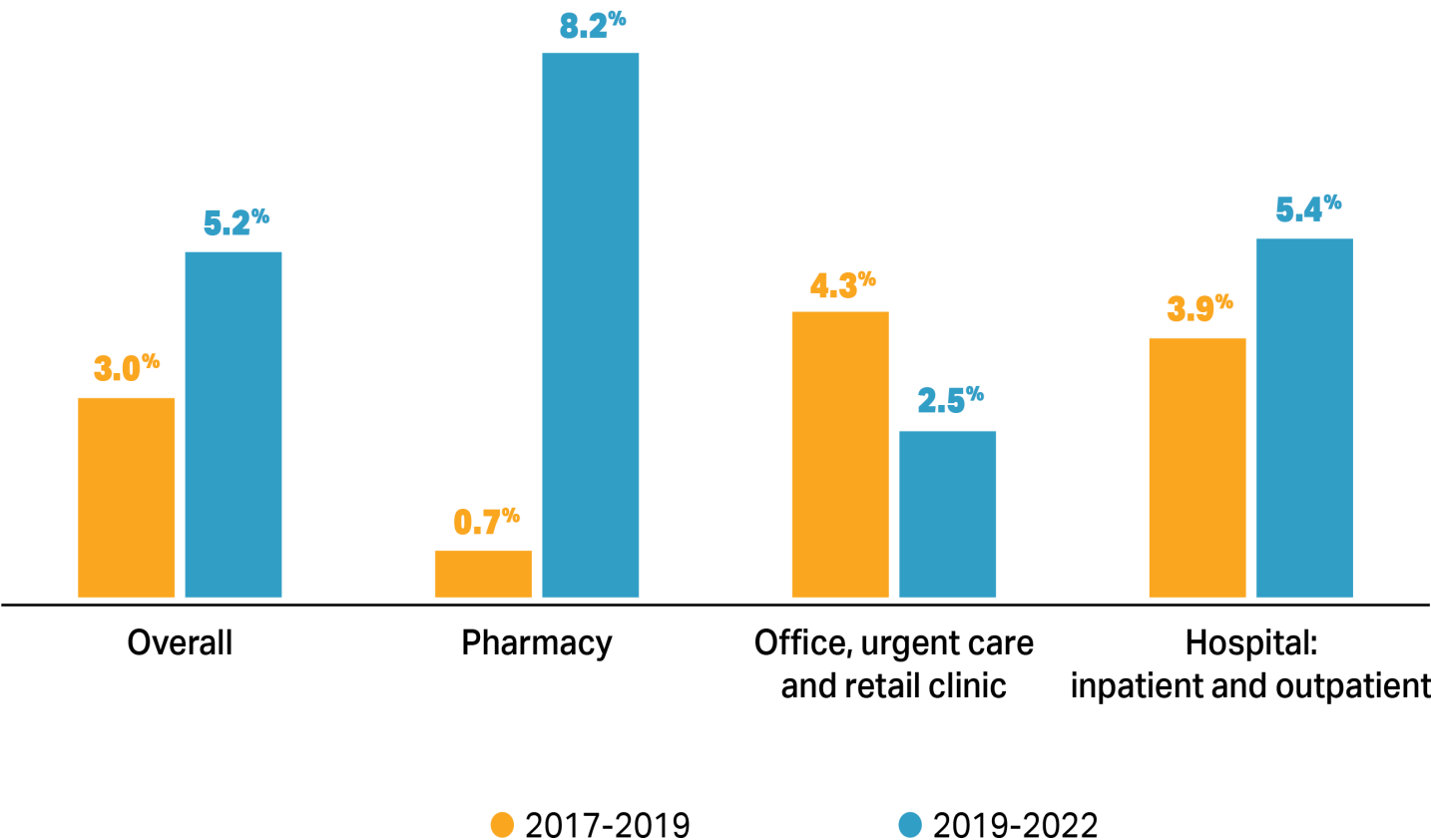
- **Enhance Oversight/Transparency and Data Collection**
- **PBM Oversight**
- **Expand Drug Pricing Reviews**
- **Limit Out-of-Pocket Costs on High-Value Drugs**



# In Massachusetts, prescription drug commercial spending (net of rebates) grew 10 times faster from 2019 to 2022 as it did from 2017 to 2019.



Average annual growth in commercial spending per enrollee, 2017-2019 vs 2019-2022



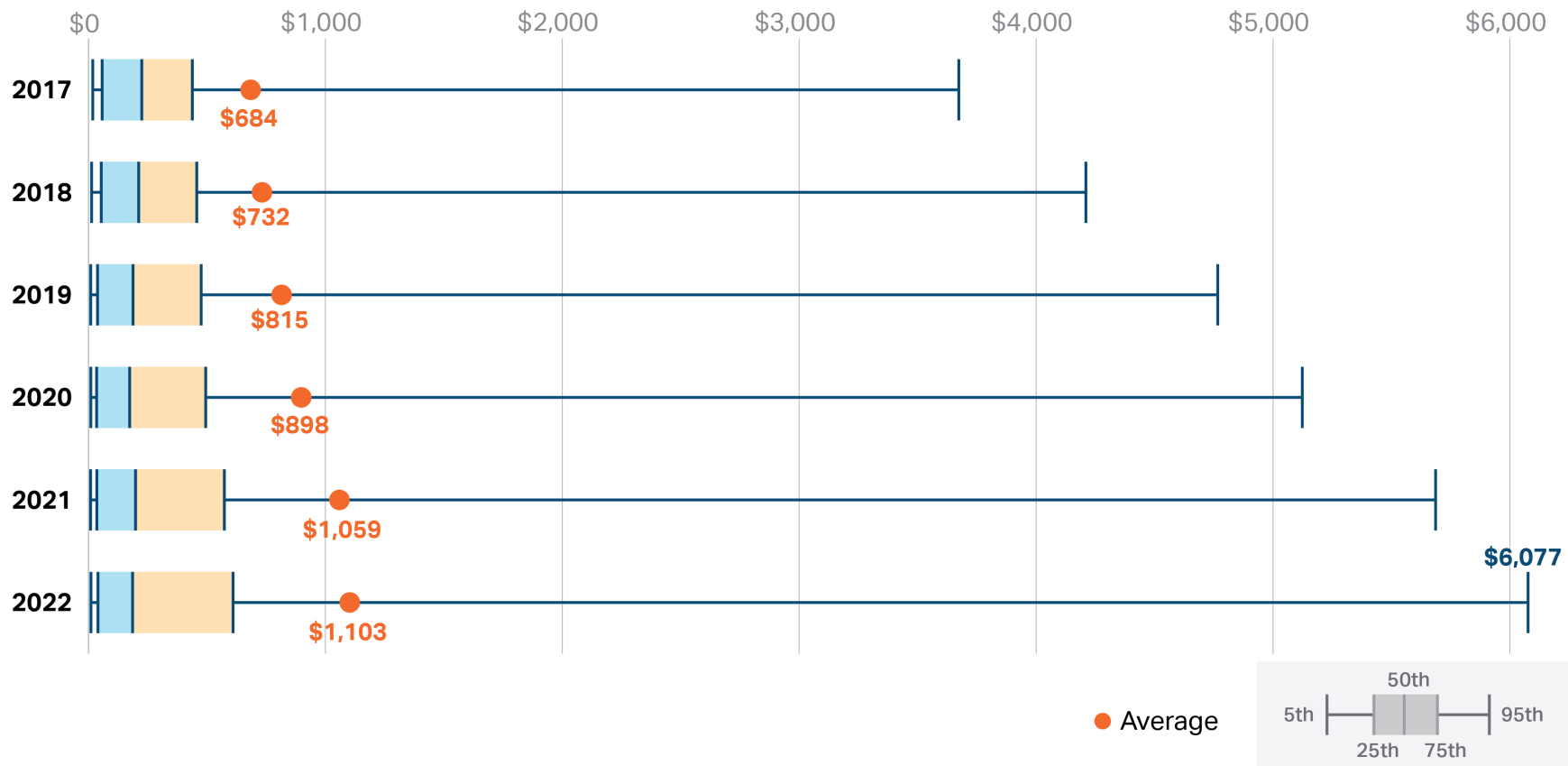
- Above-benchmark growth in pharmacy spending from 2019-2022 **added 1 percentage point to annual commercial spending growth.**
- Total pharmacy spending across all payers (net of rebates) was \$10.1 Billion in 2022, **an 8.3% increase from 2021** (data not shown).

Notes: Pharmacy spending is net of rebates.  
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database V2021 and V2022 (for hospital and office spending); Center for Health Information and Analysis Annual Report on the Performance of the Massachusetts Health Care System, 2019-2022 (for pharmacy and overall spending). CHIA Annual Report, 2024

Average commercial prices (gross) per branded prescription fill increased 10% per year since 2017, from \$684 to \$1,103, with 5% of prescriptions exceeding \$6,077 in 2022.



Gross spending distribution per branded prescription, 2017-2022



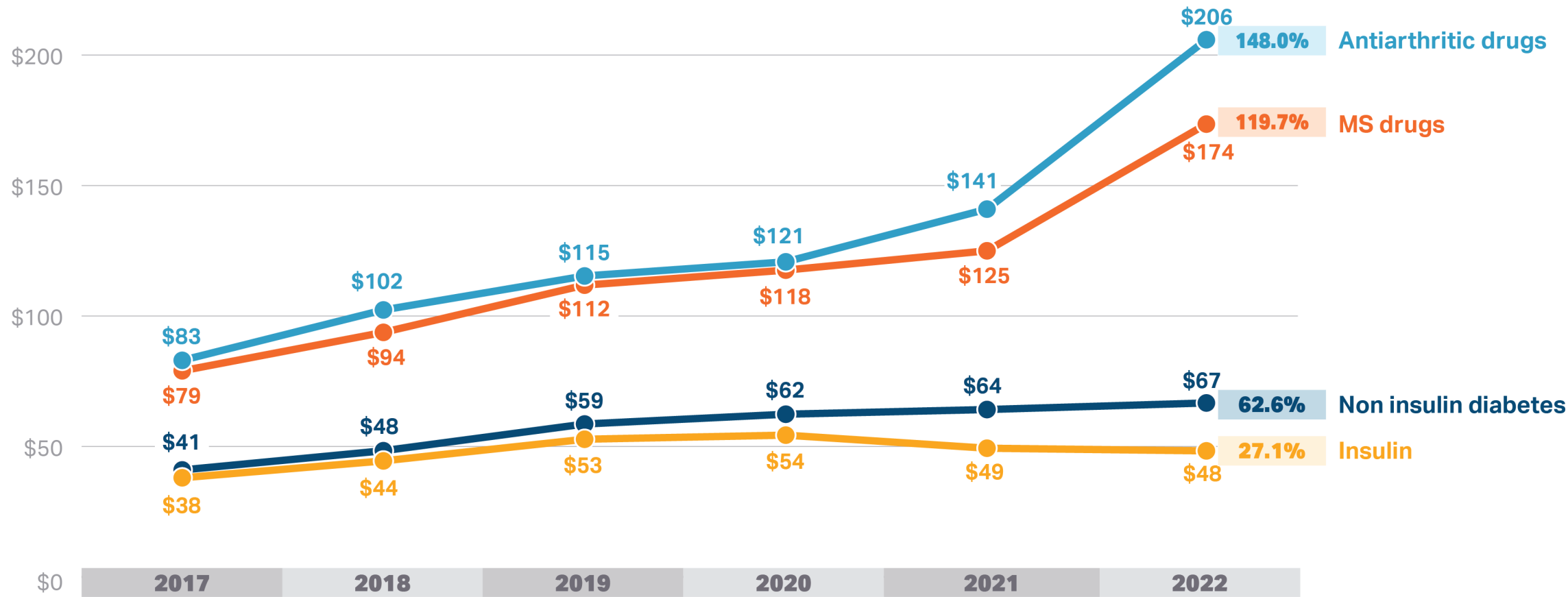
- Average **spending per branded prescription increased 61%** from 2017 to 2022.
- **The price of generic drugs has remained stable**, with an average spending of \$30 per prescription in 2017 and \$34 in 2022.
- The median prescription drug launch price grew from **\$2,000 in 2008** to **\$222,000 in 2022**.<sup>1</sup>

Notes: Claims with implausible spending and cost-sharing values were excluded. COVID-19 vaccines were excluded from analysis in 2021 and 2022.  
Sources: HPC analysis of the Center for Health Information and Analysis (CHIA) All-Payer Claims database, V2021 2017 and V2022 2018-2022. Rome, Benjamin N., Alexander C. Egilman, and Aaron S. Kesselheim. "Trends in prescription drug launch prices, 2008-2021." JAMA 327.21 (2022): 2145-2147;  
<https://www.reuters.com/business/healthcare-pharmaceuticals/prices-new-us-drugs-rose-35-2023-more-than-previous-year-2024-02-23>

# Average out of pocket spending for a 30-day supply of prescription drugs for several common chronic conditions doubled from 2017 to 2022.



Average cost sharing per prescription (30-day supply) for selected classes of drugs, 2017-2022

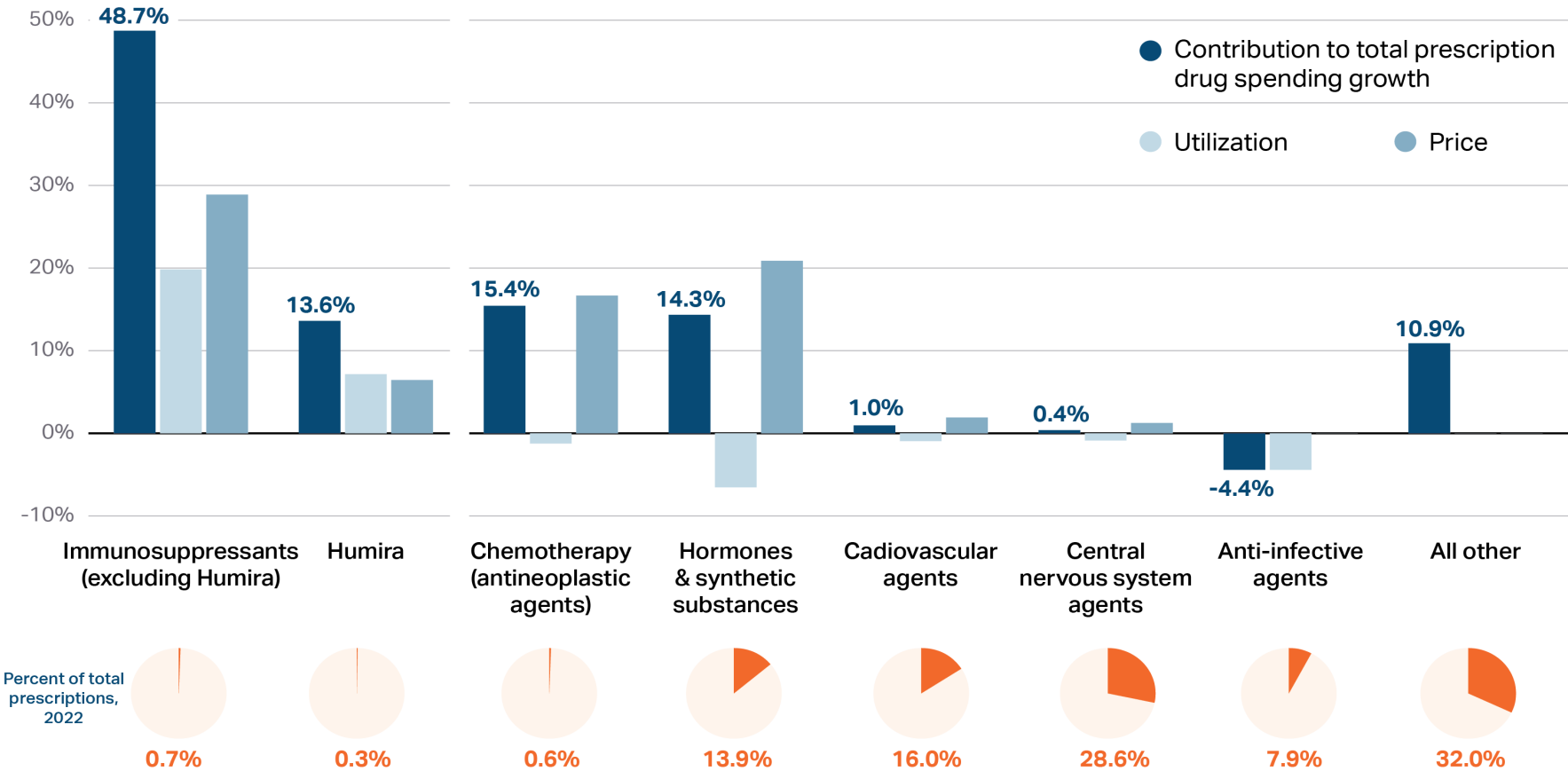


Notes: Drugs were identified based on lists or clinical guidelines published by the Arthritis Foundation, American College of Rheumatology, American Diabetes Association, and National MS society. Clinician-administered drugs, which are typically covered under a plan's medical benefits, are excluded.  
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims database, 2017-2022.

# Immunosuppressant drugs, including Humira, accounted for more than 60% of the increase in commercial prescription drug spending (gross) from 2018 to 2022.



Contribution to commercial prescription drug spending growth by select drug class, price vs utilization, 2018-2022



- Growth in drug spending was mostly driven by **higher prices** but also by **new entrants** and **expanding indications** (such as in the immunosuppressants class).
- **Immunosuppressants** (including Humira) **represented 1% of all commercial prescriptions but 37.4% of spending in 2022**, according to the latest CHIA report.
- Hormones and synthetic substances (e.g., insulin) and chemotherapy accounted for 19.6% and 10.3% of commercial prescription drug spending in 2022, respectively.
- Classes dominated by generic use (e.g., cardiovascular agents) tend to account for large prescription drug volume and small shares of spending.

Sources: HPC analysis of Center for Health Information and Analysis report, “Commercial Prescription Drug Use & Spending, 2018-2022.” Available at: <https://www.chiamass.gov/prescription-drugs>

# Agenda



Call to Order

Approval of Minutes (**VOTE**)

HPC Market Oversight and Steward Healthcare

Trends in Pharmacy Innovation and Implications for Health Care Costs

- Prescription Drug Spending Trends in Massachusetts

➤ **RESEARCH SPOTLIGHT: EARLY EVIDENCE OF USE AND SPENDING IMPACTS OF BLOCKBUSTER GLP-1 WEIGHT-LOSS DRUGS IN MASSACHUSETTS**

- Guest Presentation: Dr. Rena Conti, Associate Professor and Dean's Scholar, Department of Markets, Public Policy, and Law, Questrom School of Business, Boston University, "National Trends in Innovation and Spending on Prescription Drugs and Policy Considerations"

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- Background on GLP-1 Medications
- Methods for Analyzing Recent Trends in GLP-1 in Massachusetts
- Results
- Future Outlook

# GLP-1 Agonists: A New Class of Blockbuster Drugs



These new weight-loss drugs could help end obesity in decades



Makers of Ozempic, Mounjaro race to ramp up supply amid skyrocketing demand for drugs for weight loss

## Overview of GLP-1 Medications: Clinical Use and Effectiveness

- Glucagon-like peptide 1 (GLP-1) is a **hormone involved in various physiological processes**, such as stimulating the secretion of insulin, suppressing hunger, and delaying gastric emptying. GLP-1 agonists – including those with the active ingredients semaglutide, liraglutide, and others – are a class of medications that work by mimicking the hormone naturally produced in the body.
- The U.S. Food and Drug Administration approved the first GLP-1 agonists in 2005 for the treatment of type II diabetes. Since then, several GLP-1 medications have been **approved for type II diabetes and chronic weight management**.
- While GLP-1s were sometimes prescribed off-label for weight loss previously, the FDA officially approved Wegovy for weight management in 2021. **Patient demand soared** amid high-profile media coverage and popularity with social media influencers and celebrities.<sup>1,2</sup>
- The GLP-1 class of medications, in particular newer drugs with active ingredients such as **semaglutide** (Ozempic, Wegovy) and **tirzepatide** (Mounjaro, Zepbound), has demonstrated **strong clinical efficacy** for weight loss, achieving an average weight reduction of 10% to 20% while patients remain on the drug.<sup>3,4</sup>

1. Bluestein, Adam. "Demand for Ozempic and Wegovy weight-loss drugs is soaring in the U.S.". Fast Company, Feb 1, 2024. Available at: <https://www.fastcompany.com/91021224/ozempic-wegovy-weight-loss-drugs-demand-soaring-novo-nordisk-annual-report>

2. Smith, Stacey Vanek. "You forget to eat": How Ozempic went from diabetes medicine to blockbuster diet drug." NPR, Apr 1, 2023. Available at: <https://www.npr.org/2023/04/01/1166781510/ozempic-weight-loss-drug-big-business>

3. Wilding, John PH, et al. "Once-weekly semaglutide in adults with overweight or obesity." *New England Journal of Medicine* 384.11 (2021): 989-1002.

4. Garvey, W. Timothy, et al. "Two-year effects of semaglutide in adults with overweight or obesity: the STEP 5 trial." *Nature medicine* 28.10 (2022): 2083-2091.

# The Rise of GLP-1 Medications in the Treatment of Obesity

- GLP-1s are typically administered through self-injection, daily or weekly, depending on the medication. Patients must continue to use the drug to maintain weight loss.
- **Patients report mixed experiences with these medications:** Many report positive and even “life-changing” results. Some patients have little or no negative reaction to these medications, while others experience side effects ranging from nausea, digestive problems, muscle loss, to heart palpitations. Still others find the side effects unmanageable or find the medications to be ineffective.<sup>1-5</sup>
- Access and adherence to the medications may be unequal:
  - Media reports suggest that uptake may be higher among wealthier and healthier communities.<sup>6</sup>
  - A recent analysis based on nationally representative commercial data found that people with multiple comorbidities and those living in underserved regions were less likely to complete 12 weeks of treatment (the minimal time period associated with clinically meaningful weight loss).<sup>7</sup>

1. Mosley, Tonya. “How medications like Ozempic are revolutionizing the weight loss industry.” NPR, Jan 4, 2024. Available at: <https://www.npr.org/2024/01/04/1222859746/how-medications-like-ozempic-are-revolutionizing-the-weight-loss-industry>

2. Mannie, Kathryn, “‘It changed my life’: Ozempic patient shares her good, bad, and scary side effects.” Global News, Jul 5, 2023. Available at: <https://globalnews.ca/news/9809465/ozempic-weight-loss-obesity-diabetes-user-experience-canada/>

3. Ovalle, David. “Patients grapple with side effects of popular weight-loss drugs.” The Washington Post, Aug 8, 2023. Available at: <https://www.washingtonpost.com/health/2023/08/08/weight-loss-drugs-side-effects-wegovy-ozempic/>

4. Spencer, Susan. “How Ozempic, other weight-loss drugs are ‘changing medicine’.” CBS News, Jan 21, 2024. Available at: <https://www.cbsnews.com/news/ozempic-glp-1-class-drugs-used-for-weight-loss/>

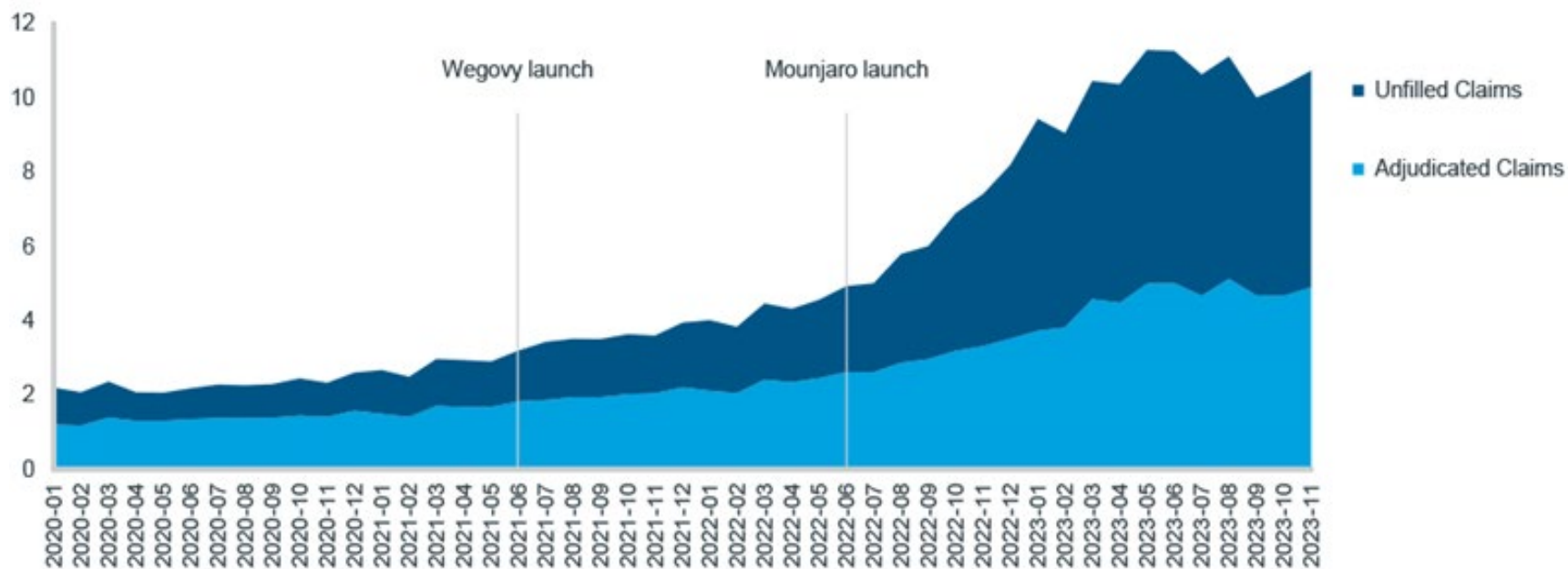
5. Belluz, Julia. “Obesity in the age of Ozempic.” Vox, Feb 7, 2023. Available at: <https://www.vox.com/science-and-health/23584679/ozempic-wegovy-semaglutide-weight-loss-obesity>

6. Goldstein, Joseph. “The N.Y.C. neighborhood that’s getting even thinner on Ozempic.” Aug 26, 2023. Available at: <https://www.nytimes.com/2023/08/26/nyregion/ozempic-nyc-neighborhoods-diabetes.html>

7. Blue Health Intelligence. Real-world trends in GLP-1 treatment persistence and prescribing for weight management. May, 2024. Available at: [https://www.bcbs.com/sites/default/files/BHI\\_Issue\\_Brief\\_GLP1\\_Trends.pdf](https://www.bcbs.com/sites/default/files/BHI_Issue_Brief_GLP1_Trends.pdf)

# National use of GLP-1 medications accelerated after the launch of Wegovy and Mounjaro, although a large share of prescriptions remain unfilled.

Estimated number of claims (millions), selected GLP-1 brands, all payer channels



- Unfilled claims may reflect non-initiation and/or non-adherence due to a number of factors, including cost, access (e.g., shortages), and clinical factors (e.g., intolerable side effects).
- One analysis using national commercial data found that 30% of patients stopped treatment within four weeks, before reaching the targeted dose.<sup>1</sup>
- A separate industry analysis suggests that only 32% patients taking GLP-1 medications are still taking the medication one year later.<sup>2</sup>

Sources: IQVIA, "New Demand in an Old Market, How the launch of Mounjaro transformed the GLP-1 market", Sep 5, 2023. Available at: <https://www.iqvia.com/locations/united-states/blogs/2023/08/new-demand-in-an-old-market>

1. Blue Health Intelligence. Real-world trends in GLP-1 treatment persistence and prescribing for weight management. May, 2024. Available at:

[https://www.bcbs.com/sites/default/files/BHI\\_Issue\\_Brief\\_GLP1\\_Trends.pdf](https://www.bcbs.com/sites/default/files/BHI_Issue_Brief_GLP1_Trends.pdf)

2. Reuters. "Most patients using weight-loss drugs like Wegovy stop within a year, data show." Jul 11, 2023. Available at: <https://www.reuters.com/business/healthcare-pharmaceuticals/most-patients-using-weight-loss-drugs-like-wegovy-stop-within-year-data-show-2023-07-11/>

# The price and expansion in use of GLP-1 medication raise concerns about the impact on spending.



- National research using electronic health records found that **1.7% of U.S. patients who had a health care visit in 2023 were prescribed a semaglutide medication**, representing a 40-fold increase over the last five years.<sup>1</sup>
- At **approximately \$1,000 per month**, payers and the public are increasingly concerned about the cost impact of these drugs.<sup>2</sup>
  - Net sales for GLP-1 medications (accounting for rebates) in the U.S. totaled \$5.9 billion in the second quarter of 2023 alone.<sup>3</sup>
  - Gross Medicare spending on GLP-1 drugs for the treatment of diabetes was estimated to be \$5.7 billion in 2022, up from \$57 million in 2018.<sup>4</sup>
- **List prices for weight loss drugs are significantly lower in peer countries:**
  - The price of Ozempic per month ranges from \$83 in France to \$147 in Canada, to \$169 in Japan.<sup>5</sup>
  - A recent study estimated that semaglutide could be made for less than \$5 per month, including manufacturing cost plus a profit margin.<sup>6</sup>

1. CNN. "Prescriptions for popular diabetes and weight-loss drugs soared, but access is limited for some patients." Sep 27, 2023. Available at: <https://www.cnn.com/2023/09/27/health/semaglutide-equitable-access/index.html>

2. Axios. "Employers grapple with the weight loss drug craze." May 4, 2023. Available at: <https://www.axios.com/2023/05/04/employers-weight-loss-drugs>

3. Congressional Budget Office. "A call for new research in the area of obesity." Oct 5, 2023. Available at: <https://www.cbo.gov/publication/59590>

4. KFF. "Medicare spending on Ozempic and other GLP-1s is skyrocketing." Mar 22, 2024. Available at: <https://www.kff.org/policy-watch/medicare-spending-on-ozempic-and-other-glp-1s-is-skyrocketing/>

5. KFF. "Drugs used for weight loss could cost Americans much more than people in peer countries." Aug 17, 2023. Available at: <https://www.kff.org/health-costs/press-release/drugs-used-for-weight-loss-could-cost-americans-much-more-than-people-in-peer-countries/>

6. Barber, Melissa J., et al. "Estimated Sustainable Cost-Based Prices for Diabetes Medicines." JAMA Network Open 7.3 (2024): e243474-e243474.

# The HPC analyzed trends in GLP-1 prescriptions in Massachusetts through September 2023.



## METHODS

- **Data source:** Massachusetts Enhanced All-Payer Claims Database (E-APCD), January 2018 to September 2023
- **Population:** Commercially-insured members aged 18-64 with full medical and pharmacy coverage
- **Prescriptions:** GLP-1 medications identified using REDBOOK therapeutic class codes and product names
- **Chronic conditions:** Diagnosis of diabetes and overweight/obesity identified using E-APCD Flexible Analytics Clinical Condition Codes

## MEDICATIONS OF INTEREST

ACTIVE INGREDIENT	PRODUCT NAMES
Tirzepatide	Mounjaro
Semaglutide	Wegovy, Rybelsus, Ozempic
Dulaglutide	Trulicity
Liraglutide	Saxenda, Victoza



**Most GLP-1 medications of interest in this study are indicated for type 2 diabetes; Wegovy and Saxenda are indicated for chronic weight loss.**

ACTIVE INGREDIENT	BRAND NAME	MANUFACTURER	INDICATION	FDA APPROVAL	ROUTE OF ADMINISTRATION
Tirzepatide	Mounjaro	Eli Lilly	Type 2 diabetes	May 2022	Injection, once weekly
Semaglutide	Wegovy	Novo Nordisk	Chronic weight management	July 2021	Injection, once weekly
	Rybelsus	Novo Nordisk	Type 2 diabetes	September 2019	Oral tablet, once per day
	Ozempic	Novo Nordisk	Type 2 diabetes	December 2017	Injection, once weekly
Dulaglutide	Trulicity	Eli Lilly	Type 2 diabetes	September 2014	Injection, once weekly
Liraglutide	Saxenda	Novo Nordisk	Chronic weight management	December 2014	Injection, once daily
	Victoza	Novo Nordisk	Type 2 diabetes	January 2010	Injection, once daily

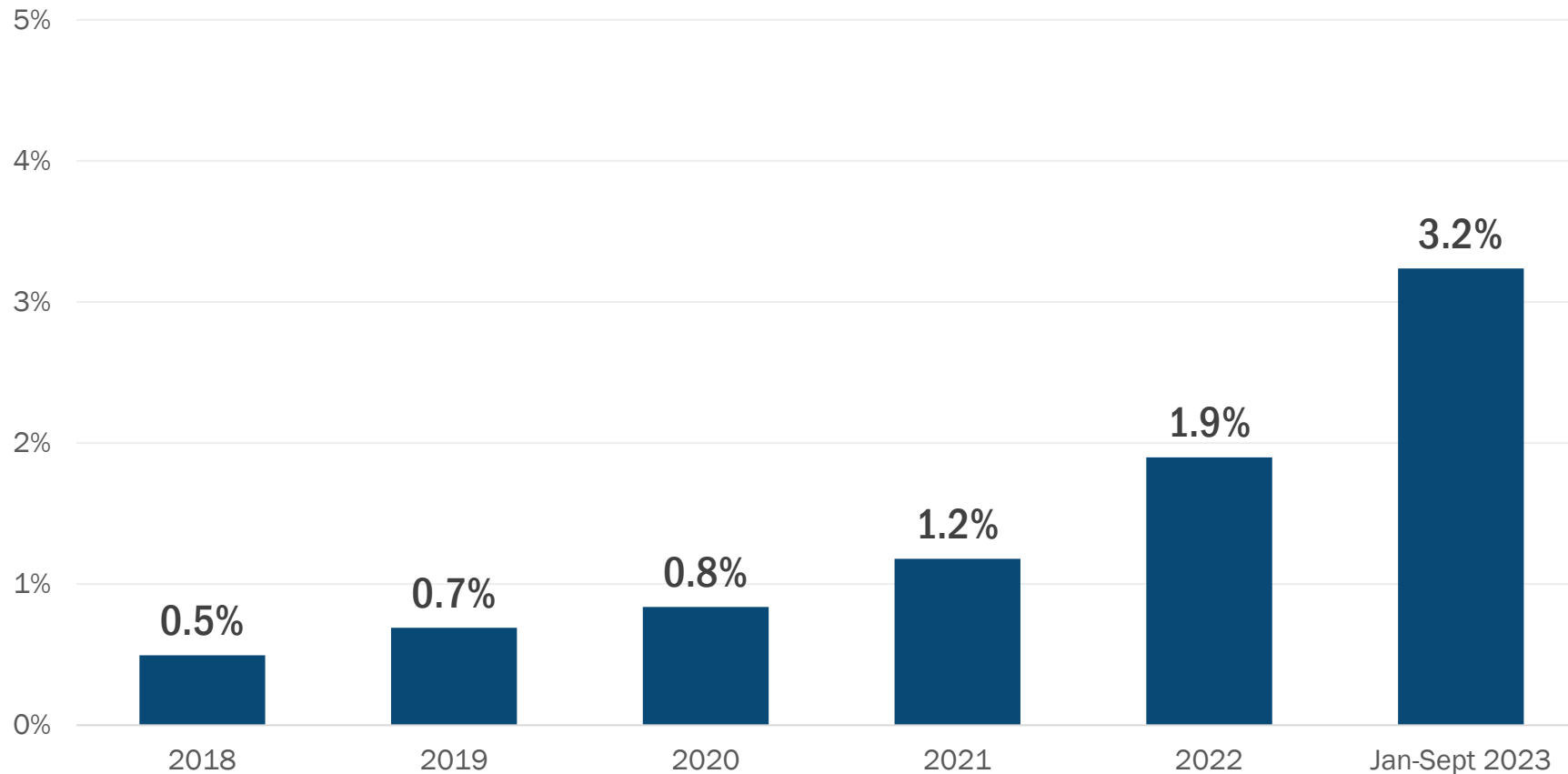
Notes: Saxenda was approved for pediatric use (12+) in December 2020 and Victoza was approved for pediatric use (10+) in June 2019.  
Sources: HPC analysis of GoodRx, Drugs.com, drug manufacturer websites.



## In the first nine months of 2023, 3.2% of Massachusetts commercial members were prescribed a GLP-1 drug, a 7-fold increase compared to 2018.



Percent of commercial members who were prescribed a GLP-1 drug that year, January 2018 to September 2023



Notes: Includes prescriptions among commercially-insured members between 18 and 64 years of age and with 12 months of medical and pharmacy coverage that year (9 months in 2023).

Sources: HPC analysis of Massachusetts Enhanced All-Payer Claims Database (2018 to 2023).

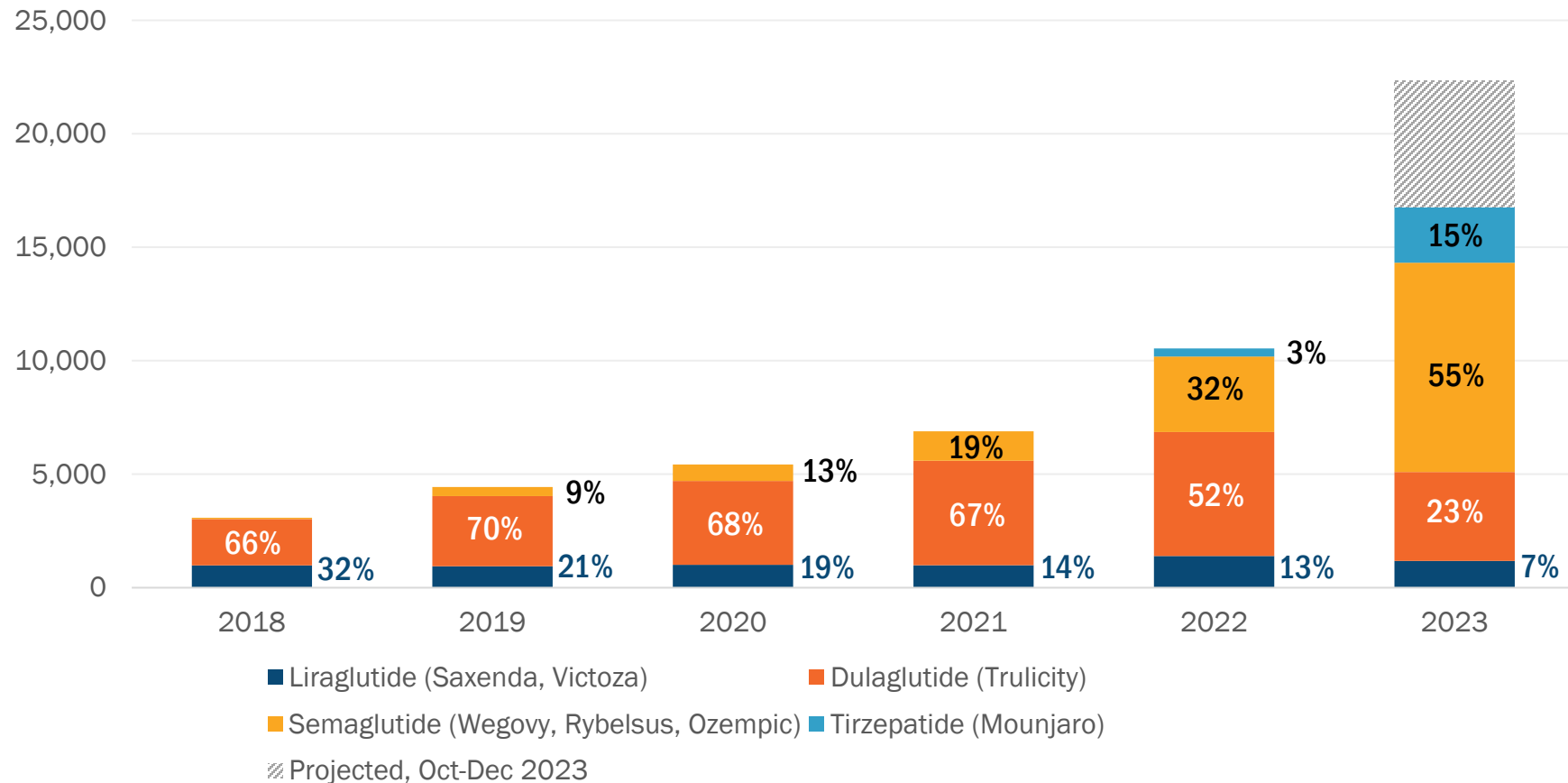
1. Massachusetts Group Insurance Commission. Commission Meeting. May 16, 2024. Available at: <https://www.mass.gov/doc/may-2024-commission-meeting-presentation/download>

- In the first nine months of 2023, 3.2% of commercial members were prescribed any GLP-1 drug; among these, almost two-thirds were prescribed a semaglutide drug.
- Data from the GIC (not included in this chart) shows a similar acceleration of use of GLP-1 medications through FY2023.<sup>1</sup>

## Use of GLP-1 drugs has increased exponentially in Massachusetts with the introduction of new products, such as Wegovy and Mounjaro.



Number of prescriptions for selected GLP-1 medications per 100,000 commercial members by therapeutic class and year, 2018 to 2023



- The number of GLP-1 prescriptions has increased from approximately 3,000 to 22,000 per 100,000 commercial members from 2018 to 2023, a more than 7-fold increase.
- In 2023, there were an estimated 313,000 GLP-1 prescriptions among commercially-insured members in Massachusetts.
- Use of GLP-1 drugs for weight loss is a large driver of the increase. The composition of GLP-1 prescriptions has shifted toward products indicated for chronic weight loss - from 6% in 2018 to 40% in the first nine months of 2023.
- The share of patients primarily using GLP-1 drugs for weight loss is likely even higher due to newer products indicated for type 2 diabetes being prescribed off-label for weight loss.

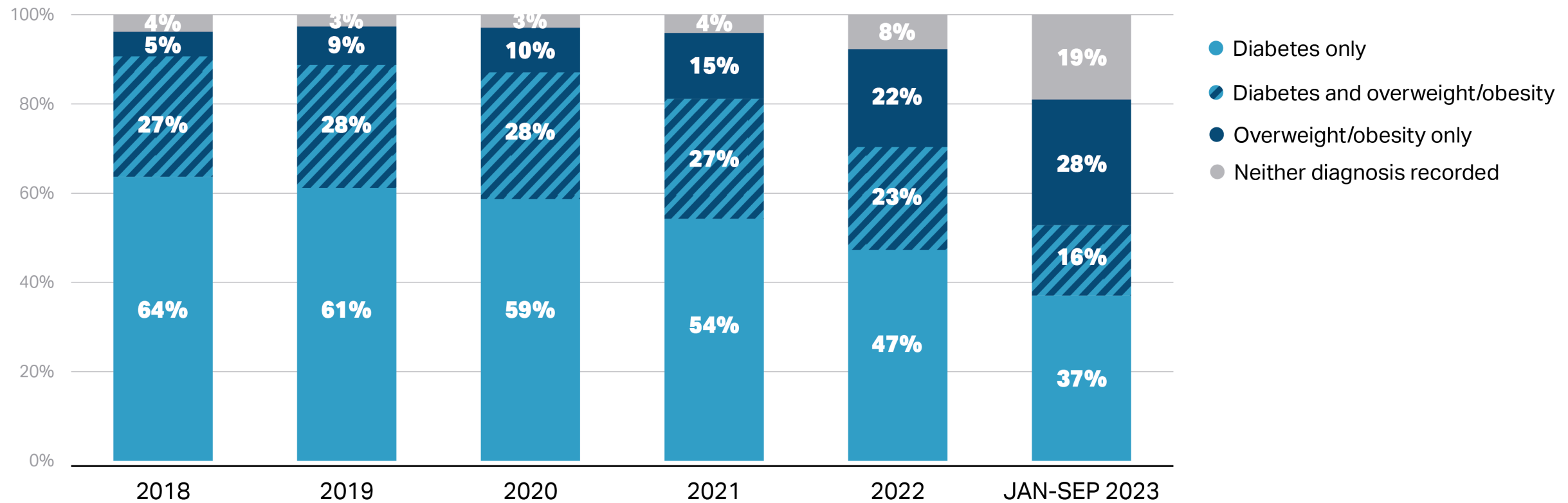
Notes: Includes prescriptions among commercially-insured members between 18 and 64 years of age and with 12 months of medical and pharmacy coverage that year (9 months in 2023).

Sources: HPC analysis of Massachusetts Enhanced All-Payer Claims Database (2018 to 2023).

**By the first nine months of 2023, approximately half of members prescribed a GLP-1 had a previous diagnosis of diabetes, a significant shift from 2018 when over 90% of members had a history of that diagnosis.**



*Percent of commercial members prescribed a GLP-1 drug by previous diagnosis of diabetes and/or overweight/obesity, January 2018 to September 2023*



Notes: Lookback period for diagnosis of diabetes and overweight/obesity is the study period, January 2018 to September 2023. Includes prescriptions among commercially-insured members between 18 and 64 years of age and with 12 months of medical and pharmacy coverage that year (9 months in 2023). Diagnosis of diabetes and overweight/obesity identified using E-APCD Flexible Analytics Clinical Condition Codes.

Sources: HPC analysis of Massachusetts Enhanced All-Payer Claims Database (2018 to 2023).

**Commercial members prescribed Wegovy and Saxenda (the two drugs approved for weight loss) were more likely to be younger, female, living in higher income areas, living in metro areas, and with a prior diagnosis of overweight/obesity.**

*Characteristics of commercial members by GLP-1 medication prescribed, January to September 2023*

ACTIVE INGREDIENT	BRAND NAME	MANUFACTURER	AVERAGE AGE	FEMALE	LIVES IN METRO AREA	PRIOR DIAGNOSIS OF DIABETES	PRIOR DIAGNOSIS OF OVERWEIGHT/ OBESITY	LIVES IN THE HIGHEST INCOME QUINTILE
Tirzepatide	Mounjaro	Eli Lilly	49	56%	20%	64%	32%	25%
Semaglutide	Wegovy	Novo Nordisk	46	69%	31%	13%	63%	27%
	Rybelsus	Novo Nordisk	52	40%	22%	82%	17%	24%
	Ozempic	Novo Nordisk	50	51%	22%	74%	27%	22%
Dulaglutide	Trulicity	Eli Lilly	53	38%	24%	91%	21%	17%
Liraglutide	Saxenda	Novo Nordisk	45	72%	31%	16%	70%	26%
	Victoza	Novo Nordisk	54	53%	29%	85%	27%	16%

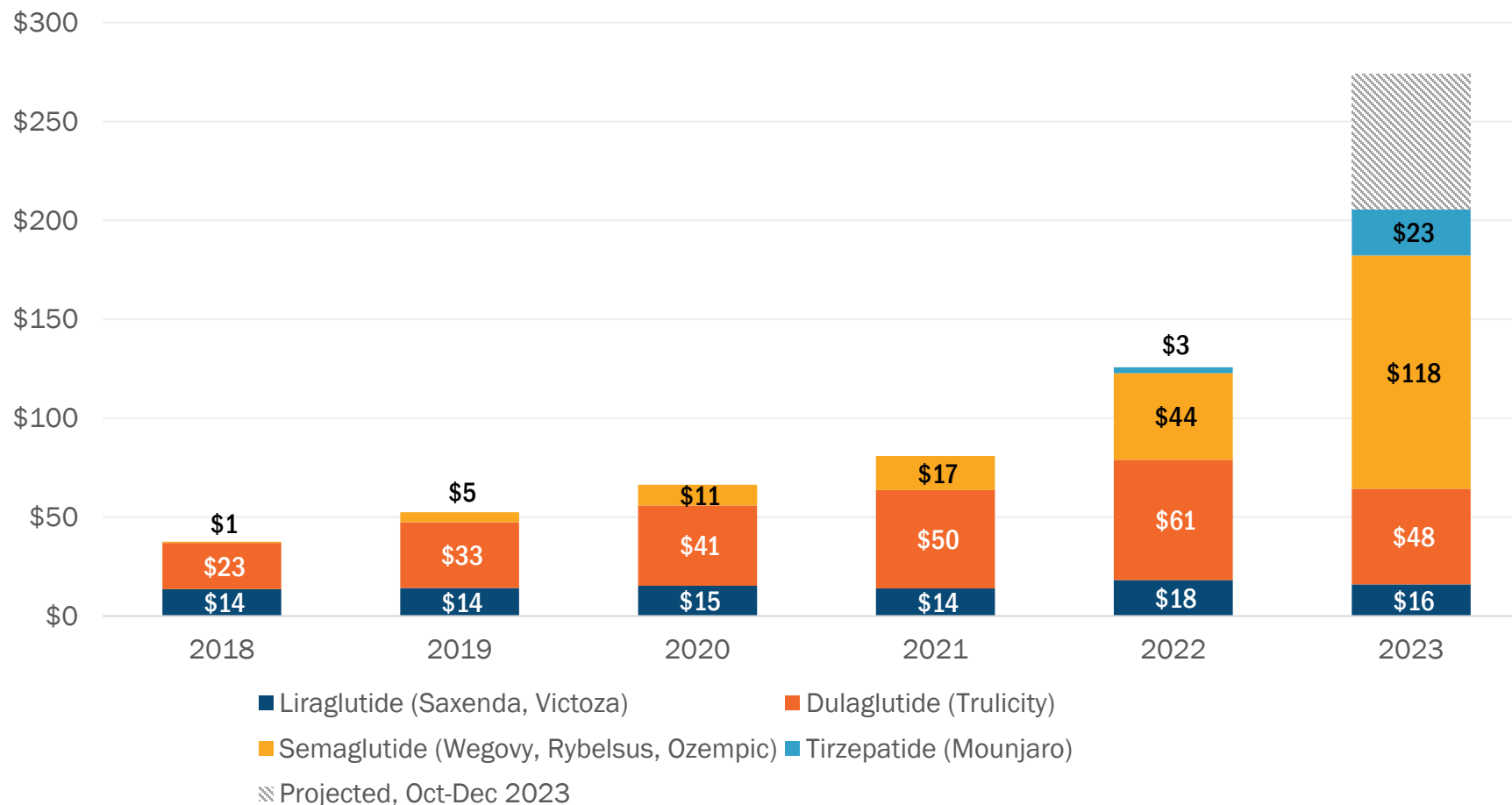
Notes: Includes members who were prescribed one brand of GLP-1 medication between January and September 2023. Metro area is only available for members with Massachusetts zip codes and includes Metro Boston, Metro West, and Metro South. Lookback period for diagnosis of diabetes and overweight/obesity is the study period, January 2018 to September 2023. "Highest income quintile" are Massachusetts zip codes that are in the fifth income quintile, based on American Community Survey (ACS) estimates. Includes prescriptions among commercially-insured members between 18 and 64 years of age and with 12 months of medical and pharmacy coverage that year (9 months in 2023). Diagnosis of diabetes and overweight/obesity identified using E-APCD Flexible Analytics Clinical Condition Codes.

Sources: HPC analysis of Massachusetts Enhanced All-Payer Claims Database (2018 to 2023).

## In 2023, total commercial spending (gross) on GLP-1 drugs in Massachusetts is projected to surpass \$270 million, more than doubling the spending in 2022.



Commercial spending (in millions) on selected GLP-1 drugs by brand name and year, 2018 to 2023



- Total gross commercial spending on GLP-1 drugs was nearly \$125 million in 2022.
- In 2022, spending on GLP-1 drugs among commercially-insured members accounted for 5% of pharmacy spending among commercially-insured members overall.

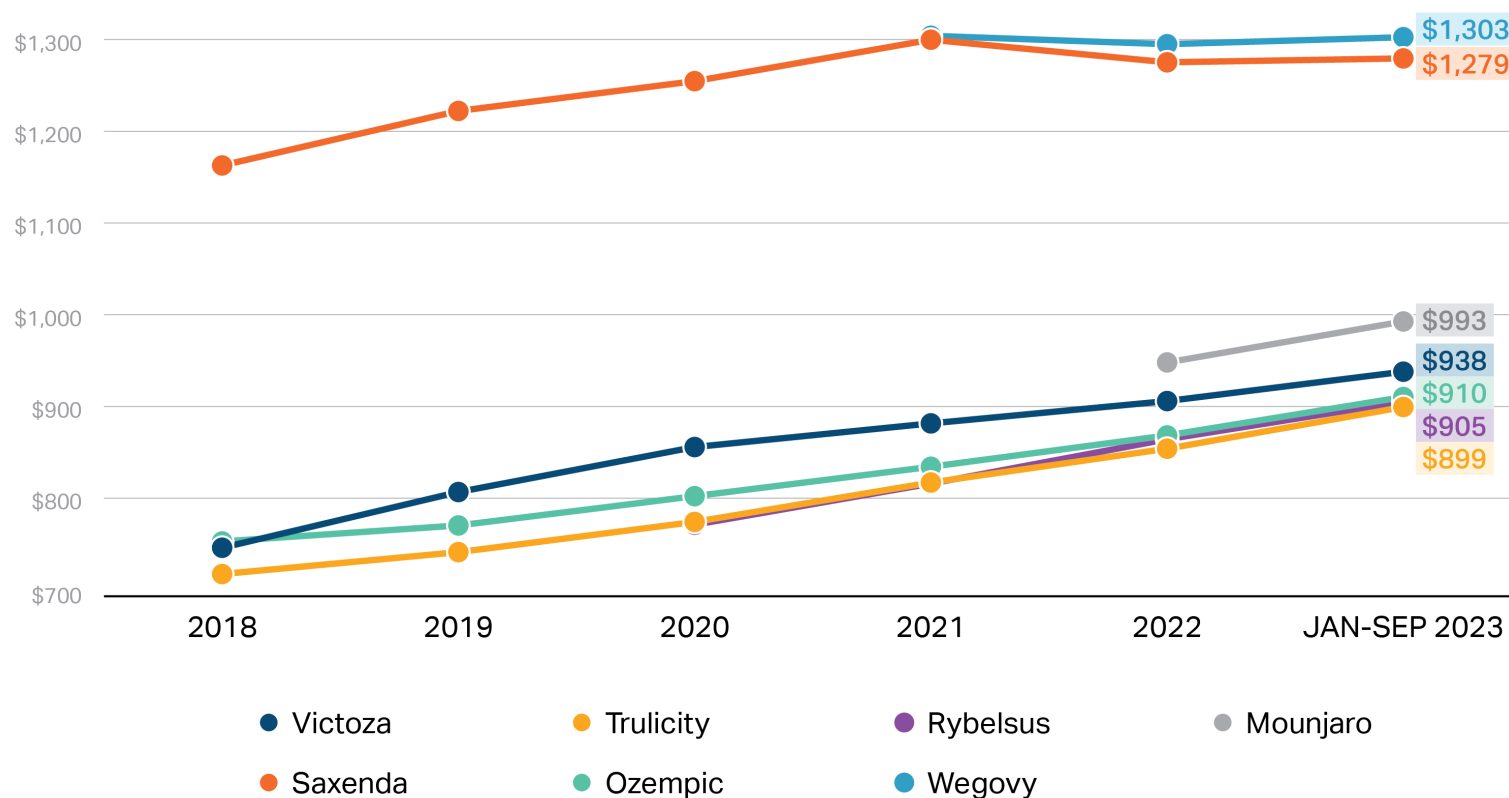
Notes: Spending is extrapolated from the MA E-APCD sample to the entire Massachusetts commercial market. Includes prescriptions among commercially-insured members between 18 and 64 years of age and with 12 months of medical and pharmacy coverage that year (9 months in 2023).

Sources: HPC analysis of Massachusetts Enhanced All-Payer Claims Database (2018 to 2023).

## Average commercial prices (gross) were highest for drugs indicated for weight loss (Wegovy and Saxenda); all drugs increased in price between January 2018 and September 2023.



Average commercial price (gross) for a one-month supply of GLP-1 medication by brand, January 2018 to September 2023



Between January 2018 and September 2023, the average gross price for a one-month supply of medication increased the most for Victoza (25.7%), followed by Trulicity (25.4%) and Ozempic (20.9%).

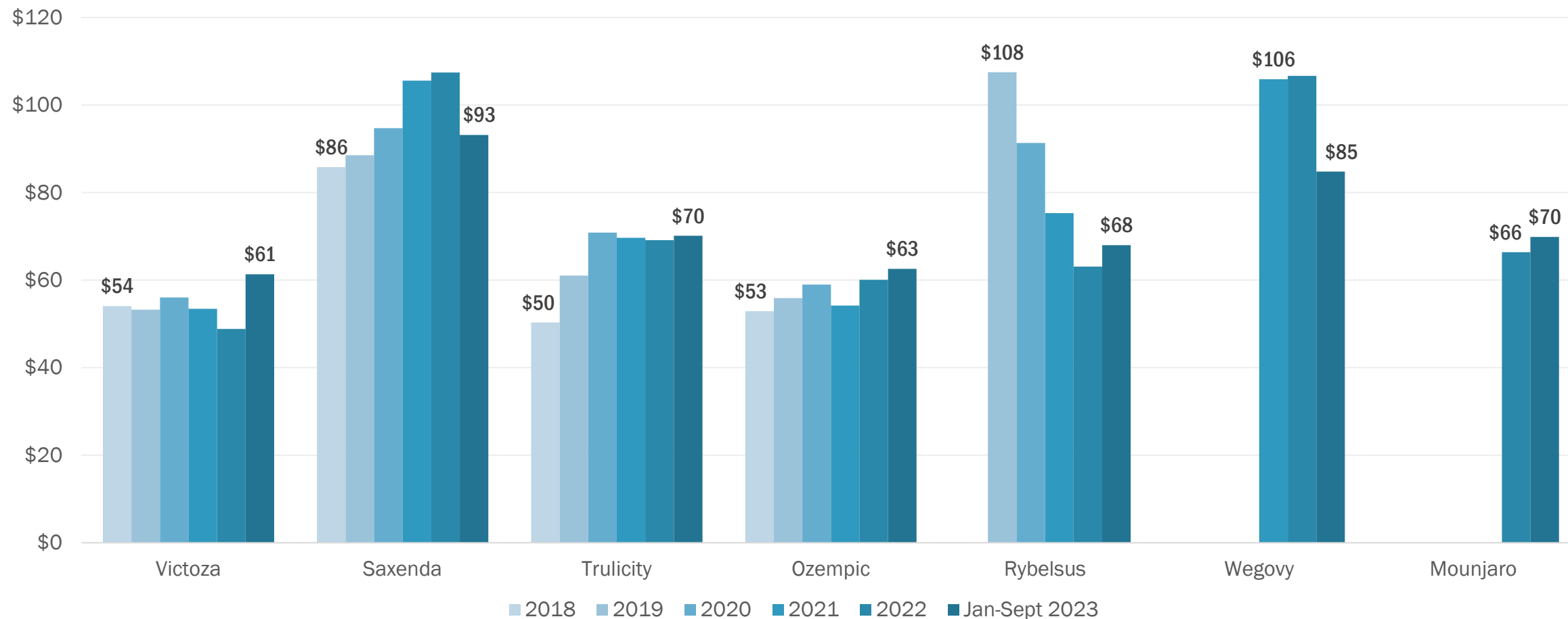
Notes: Excludes prescriptions for commercial members covered by Blue Cross Blue Shield of Massachusetts. Includes prescriptions among commercially-insured members between 18 and 64 years of age and with 12 months of medical and pharmacy coverage that year (9 months in 2023). Most GLP-1 prescriptions in 2022 were for one-month fills, ranging from 66% of Victoza prescriptions to 90% of Wegovy prescriptions.

Sources: HPC analysis of Massachusetts Enhanced All-Payer Claims Database (2018 to 2023).

## Average cost-sharing for a one-month supply of GLP-1 medications ranged from \$61 to \$93 in 2023; cost-sharing was highest for drugs indicated for weight loss.



Average commercial cost-sharing for a one-month supply of GLP-1 medication by brand, January 2018 to September 2023



Notes: Includes prescriptions among commercially-insured members between 18 and 64 years of age and with 12 months of medical and pharmacy coverage that year (9 months in 2023). Most GLP-1 prescriptions in 2022 were for one-month fills, ranging from 66% of Victoza prescriptions to 90% of Wegovy prescriptions.

Sources: HPC analysis of Massachusetts Enhanced All-Payer Claims Database (2018 to 2023).

## GLP-1 medications for the treatment of type 2 diabetes are generally covered by insurers; however, coverage for weight loss purposes varies considerably by payer.



### ➤ Commercial payers<sup>1</sup>

- **Coverage for weight loss varies** by payer and plan; eligibility generally defined based on BMI and/or related comorbidities, in line with FDA label.
- **Prior authorization** is nearly always required; some plans require diet/exercise and/or enrollment in formal behavioral modification programs for patients to obtain coverage. Pharmacological step therapy requirements exist but appear to be less common.
- Coverage tends to be **approved on a term-limited basis**, ranging from several months to two years. Documented weight loss is generally required for coverage to continue.

### ➤ MassHealth

- Began covering weight loss drugs for eligible patients on January 1<sup>st</sup>, 2024<sup>2</sup>

### ➤ Medicare

- Part D plans are prohibited by law to cover drugs for weight loss<sup>3</sup>

1. HPC analysis of publicly available MA commercial payer policies and Center for the Evaluation of Value and Risk in Health. "How US commercial health plans are covering semaglutide for obesity management", available at: <https://cevr.tuftsmedicalcenter.org/news/how-us-commercial-health-plans-are-covering-semaglutide-wegovy-for-obesity-management-2>

2. 130 CMR 406.000: Pharmacy services. Available at: <https://www.mass.gov/doc/130-cmr-406-pharmacy-services/download>

3. Medicare prescription drug, improvement, and modernization act of 2003. Available at: <https://www.congress.gov/108/plaws/publ173/PLAW-108publ173.pdf>



# The landscape for GLP-1 medications will continue to evolve in the coming years.



- The number of potentially eligible patients is significant and expanding
  - **1 in 4 adults in Massachusetts** (representing more than 1.5 million people) have obesity.<sup>1</sup>
  - In March 2024, the FDA approved a **new cardiovascular indication for Wegovy** based on evidence that it may reduce the risk of cardiovascular death, heart attack, and stroke.<sup>2</sup>
  - Dozens of clinical trials are underway that **explore the use of GLP-1 agonists for other conditions**, such as liver disease, kidney disease, alcohol use disorders, polycystic ovary syndrome, sleep apnea, and Alzheimer's.<sup>3,4</sup>
- Some advocates continue to urge coverage
  - Patient organizations and multiple medical professional societies, including the American Medical Association, have called on payers to expand coverage and access<sup>5</sup>
  - Federal legislation, the **Treat and Reduce Obesity Act of 2023** (H.R. 4818 and S. 2407), has been proposed to allow Medicare to cover weight loss drugs as well as other therapy options for the treatment of obesity (e.g., counseling with a dietitian)<sup>6</sup>

1. CDC. Adult Obesity Prevalence Maps. Available at: <https://www.cdc.gov/obesity/php/data-research/adult-obesity-prevalence-maps.html>

2. Kosiborod, Mikhail N., et al. "Semaglutide in patients with heart failure with preserved ejection fraction and obesity." *New England Journal of Medicine* 389.12 (2023): 1069-1084.

3. Blum, David. "What's next for Ozempic?" *New York Times*, Dec 20, 2023. Available at: <https://www.nytimes.com/interactive/2023/12/20/well/live/ozempic-weight-loss-drugs-diseases.html>

4. Gilchrist, Karen. "Blockbuster weight loss drugs Wegovy and Ozempic are being tested to treat addiction and dementia." *CNBC*, Sep 7, 2023. Available at: <https://www.cnn.com/2023/09/07/weight-loss-drugs-wegovy-ozempic-tested-to-treat-addiction-dementia.html>

5. AMA. "AMA urges insurance coverage parity for emerging obesity treatment options." Nov 14, 2023. Available at: <https://www.ama-assn.org/press-center/press-releases/ama-urges-insurance-coverage-parity-emerging-obesity-treatment-options>

6. <https://www.congress.gov/bills/118th-congress/house-bill/4818>

# Concerns regarding spending will likely escalate, given high uptake and potential new indications in the pipeline.



## ➤ Commercial payers grapple with surging costs

- An employer survey found that 43% of employers plan to cover weight loss drugs in 2024, doubling the share of employers that say they covered them in 2023 (25%)<sup>1</sup>
- However, citing cost concerns, some employers (e.g., University of Texas System, Ascension) have ended coverage while others experiment with utilization management tools<sup>2</sup>

## ➤ Budgetary concerns for public payers

- Citing projected GLP-1 spending, Senator Bernie Sanders warned in a recent report that “the outrageously high prices of these drugs have the potential to bankrupt our entire health care system.”<sup>3</sup>
- Modeling suggests that if Medicare began covering these drugs for weight loss, Medicare Part D spending would rise \$26.8 billion annually (an 18% increase over current spending) if 10% of beneficiaries with obesity used Wegovy.<sup>4</sup>
- Medicare could begin negotiating prices for certain semaglutide products as early as 2025.<sup>5</sup>

## ➤ Long term benefits and potential cost-saving unknown

- While weight loss is associated with a range of health benefits, no empirical evidence to date directly links the use of GLP-1 medications to reductions in other health care spending.<sup>6</sup>

1. Reuters. “U.S. employers covering weight-loss drugs could nearly double in 2024.” Oct 10, 2023. Available at: <https://www.reuters.com/business/healthcare-pharmaceuticals/us-employers-covering-weight-loss-drugs-could-nearly-double-2024-survey-2023-10-09/>

2. Tradeoffs. “Ozempic hype forces employer calls on obesity coverage.” Sep 28, 2023. Available at: <https://tradeoffs.org/2023/09/28/employer-coverage-obesity-drugs-ozempic/>

3. United States Senate Health, Education, Labor and Pensions Committee, Bernard Sanders, Chair Majority staff. Breaking point: how weight loss drugs could bankrupt American health care. May 15, 2024. Available at: <https://www.sanders.senate.gov/wp-content/uploads/Wegovy-report-FINAL.pdf>

4. Baig, Khrysta, et al. “Medicare part D coverage of antiobesity medications—challenges and uncertainty ahead.” New England Journal of Medicine 388.11 (2023): 961-963.

5. KKF. “Medicare spending on Ozempic and other GLP-1s is skyrocketing.” Mar 22, 2024. Available at: <https://www.kff.org/policy-watch/medicare-spending-on-ozempic-and-other-glp-1s-is-skyrocketing/>

6. Congressional Budget Office. “A call for new research in the area of obesity.” Oct 5, 2023. Available at: <https://www.cbo.gov/publication/59590>

## Key Findings



- The number of commercial members in Massachusetts prescribed any GLP-1 medication increased at least 7-fold between 2018 and the first nine months of 2023, amounting to **3.2% of all members** in the latter period.
- The HPC estimates that during 2023, **more than 310,000 GLP-1 prescriptions** were filled among commercially-insured members in Massachusetts.
- Total gross commercial spending on GLP-1 medications was **approximately \$270 million in 2023**, more than doubling from nearly \$125 million in 2022.
- Average gross commercial **prices were highest for drugs indicated for weight loss** (Wegovy and Saxenda), at \$1,303 and \$1,279 per one-month supply during the first nine months of 2023, respectively. Rybelsus had the lowest price, at \$905 per one-month supply during the same time period. **All drugs increased in price** between January 2018 and September 2023.

# Agenda



Call to Order

Approval of Minutes (**VOTE**)

HPC Market Oversight and Steward Healthcare

Trends in Pharmacy Innovation and Implications for Health Care Costs

- Prescription Drug Spending Trends in Massachusetts
- Research Spotlight: Early Evidence of Use and Spending Impacts of Blockbuster GLP-1 Weight-Loss Drugs in Massachusetts

➤ **GUEST PRESENTATION: DR. RENA CONTI, ASSOCIATE PROFESSOR AND DEAN'S SCHOLAR, DEPARTMENT OF MARKETS, PUBLIC POLICY, AND LAW, QUESTROM SCHOOL OF BUSINESS, BOSTON UNIVERSITY, "NATIONAL TRENDS IN INNOVATION AND SPENDING ON PRESCRIPTION DRUGS AND POLICY CONSIDERATIONS"**

Executive Director's Report

Adjourn

# National Trends in Innovation and Spending on Prescription Drugs and Policy Considerations

## Dr. Rena Conti

*Associate Professor and Dean's Scholar, Department of Markets, Public Policy, and Law, Questrom School of Business*

Boston University

[rconti@bu.edu](mailto:rconti@bu.edu)



# My remarks

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1

Review spending trends & forecasts, highlight selected drug classes

2

Discuss policy considerations, focus on state options

# Rx are heavily used by Americans

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6.7Bn prescriptions

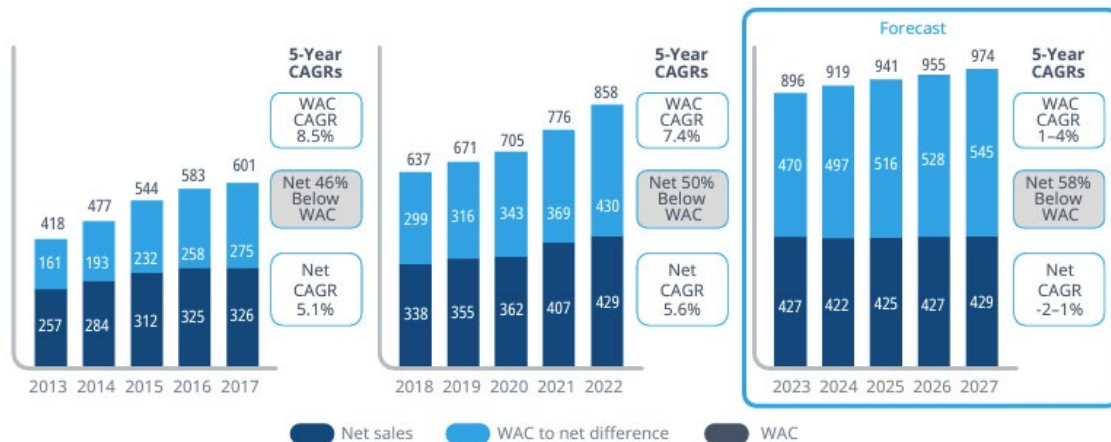


336,800 hospital admissions

# Good news!

U.S. spending on medicines is forecast to be largely unchanged over the next 5 years with growth expected between -2 to 1%

Exhibit 44: U.S. medicine spending and growth at WAC and estimated net 2013–2027



Source: IQVIA Institute, Mar 2023.

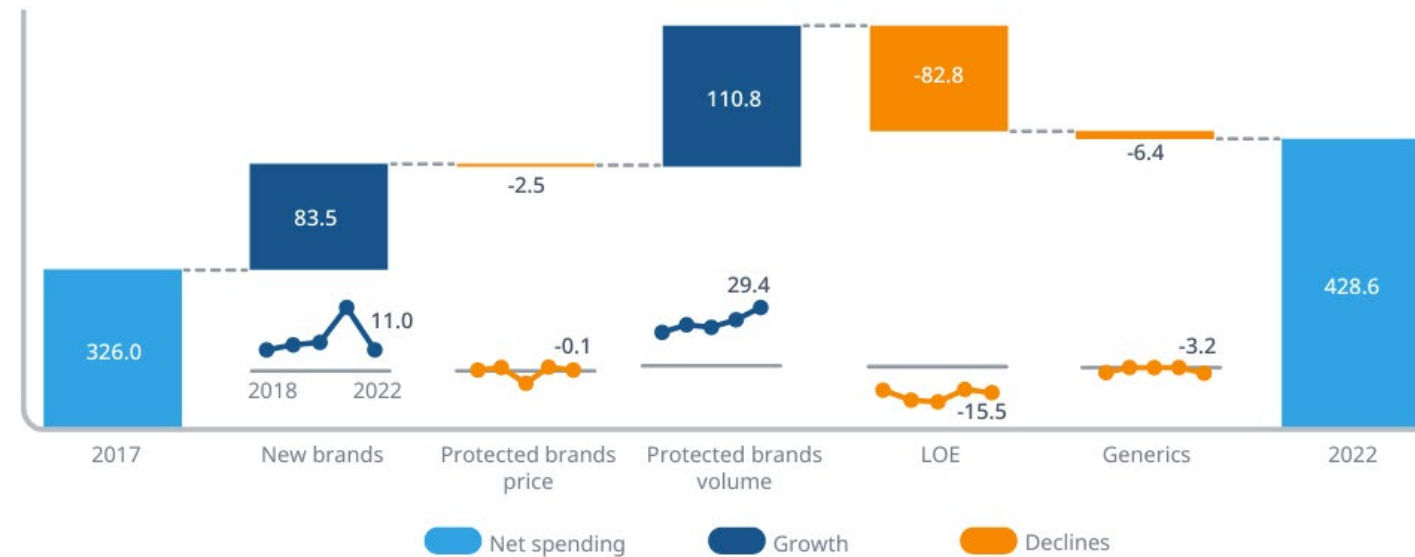
*Medicine spending is projected to be unchanged over five years for the first time reflecting structural market dynamics and competition as well as the effects of new policies and legislation.*



# Expanded use increases spending

Spending increased by \$102.6Bn over the past 5 years driven by new products and brand volume, offset by expiries

Exhibit 28: Spending and growth at estimated net manufacturer prices 2017–2022, all channels, US\$Bn



Source: IQVIA Institute, Mar 2023

# Competition decreases spending, expected to increase in impact overtime

The impact of losses of exclusivity of biologics has increased dramatically in the past 3 years

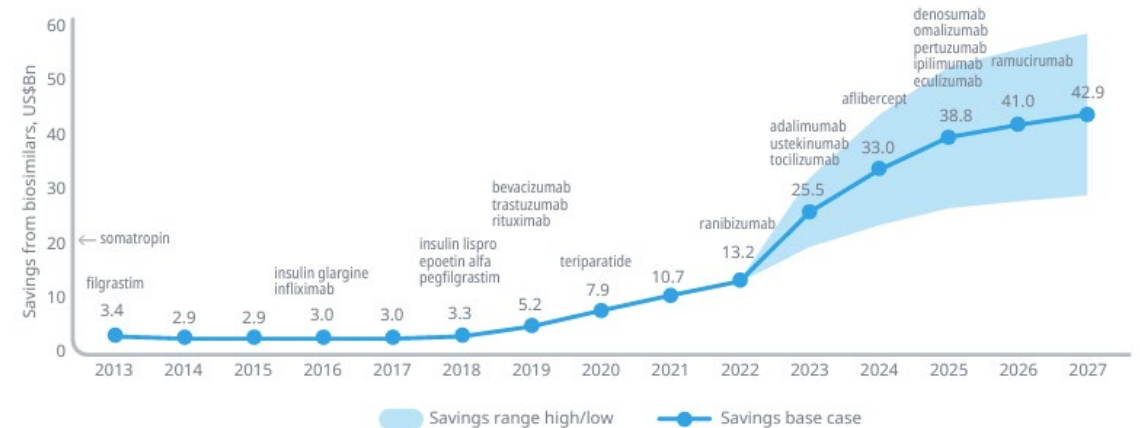
Exhibit 32: Impact of brand losses of exclusivity 2013–2022, spending at estimated net manufacturer prices, US\$Bn



Source: IQVIA MIDAS, IQVIA Institute, Mar 2023.

Savings over the next 5 years as a result of biosimilars are projected to exceed \$180Bn, though uncertainties remain

Exhibit 49: Biologic estimated savings from biosimilars at invoice prices

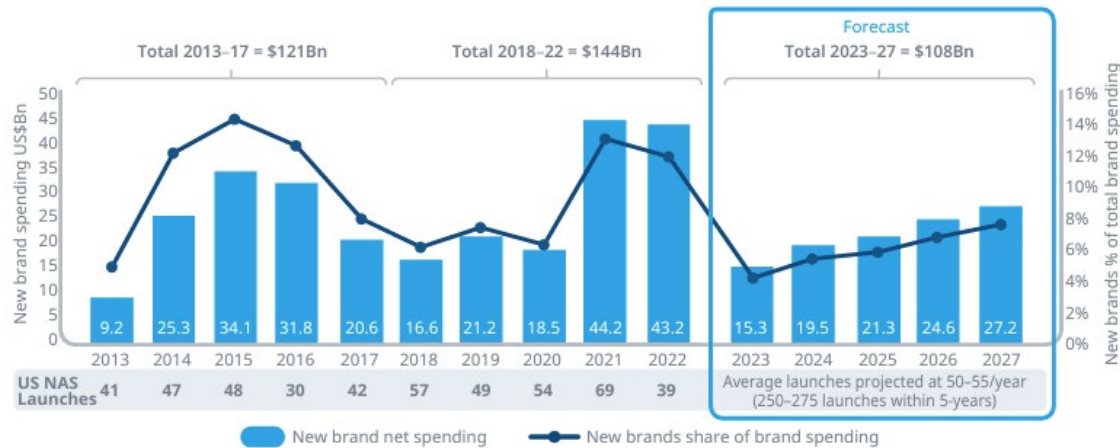


Source: Biosimilars in the United States 2023–2027 – Competition, Savings, and Sustainability. January 2023. Report by the IQVIA Institute for Human Data Science.

# Brand spending expected to moderate, driven by prices

New brand spending in the U.S. is projected to be lower than in the last 5 years

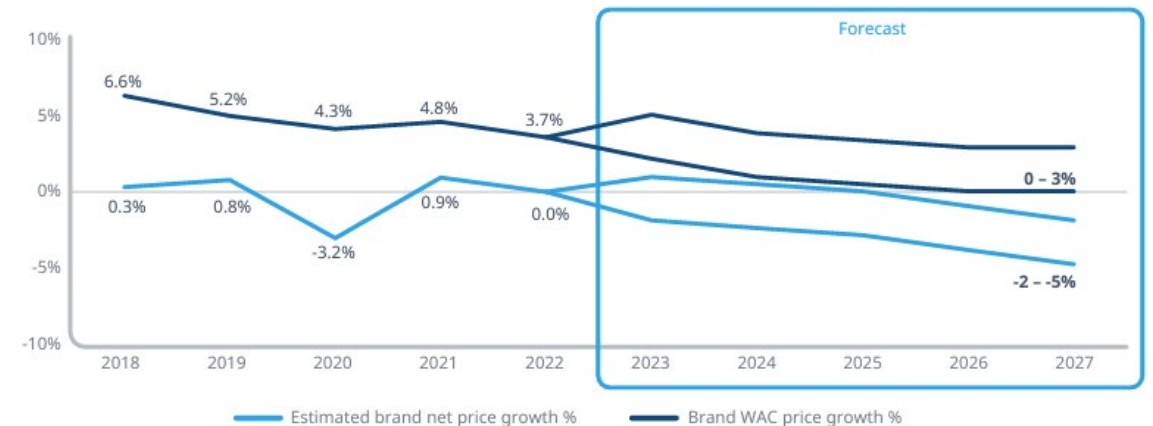
Exhibit 46: U.S. new brand spending at estimated manufacturer net prices



Source: IQVIA Institute, Mar 2023.

Net prices for protected brands are forecast to decline -2 to -5%, while list prices will grow 0 to 3%, including impact of price cuts

Exhibit 47: Wholesaler Acquisition Cost (WAC) growth and net price growth for protected brands

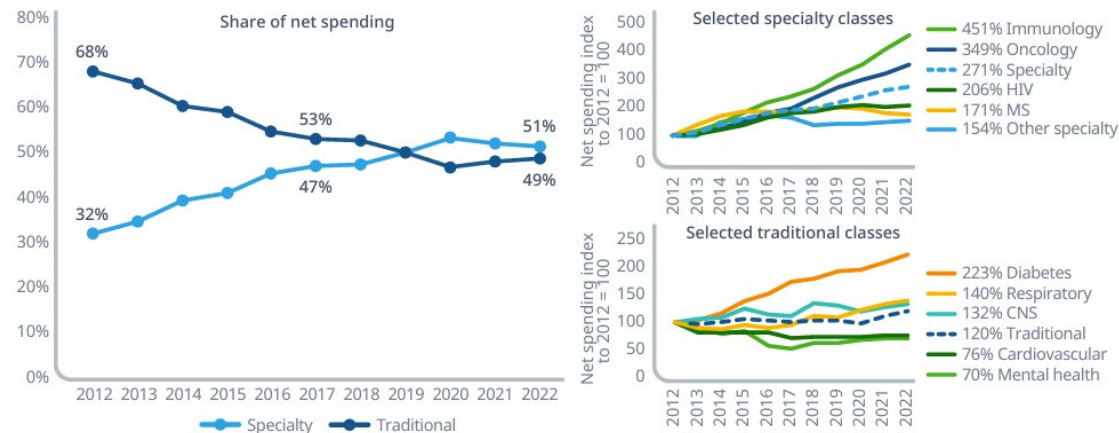


Source: IQVIA Institute, Mar 2023.

# 'Specialty' drugs dominate spending

Specialty medicines now account for 51% of spending, stable in the past 3 years as COVID treatments have lifted traditional

Exhibit 25: Share of spending at estimated net manufacturer prices



Source: IQVIA Institute, Mar 2023.

Median annual costs of new medicines have been rising particularly those in oncology and rare diseases

Exhibit 26: Median annual cost of treatment at launch for brands US\$, 2013–2022

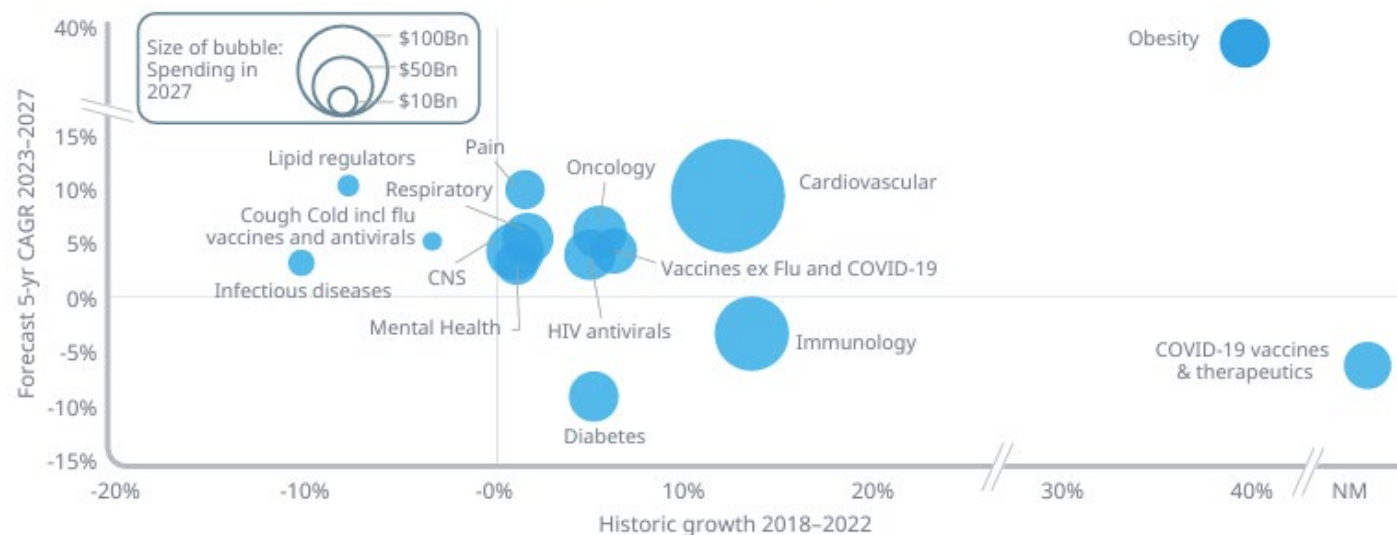


Source: IQVIA National Sales Perspectives, Dec 2022; IQVIA Institute, Mar 2023

# Selected classes expected to drive spending

**Oncology, neurology and obesity drive growth through 2027 while diabetes, immunology and COVID-19 contribute to slowing**

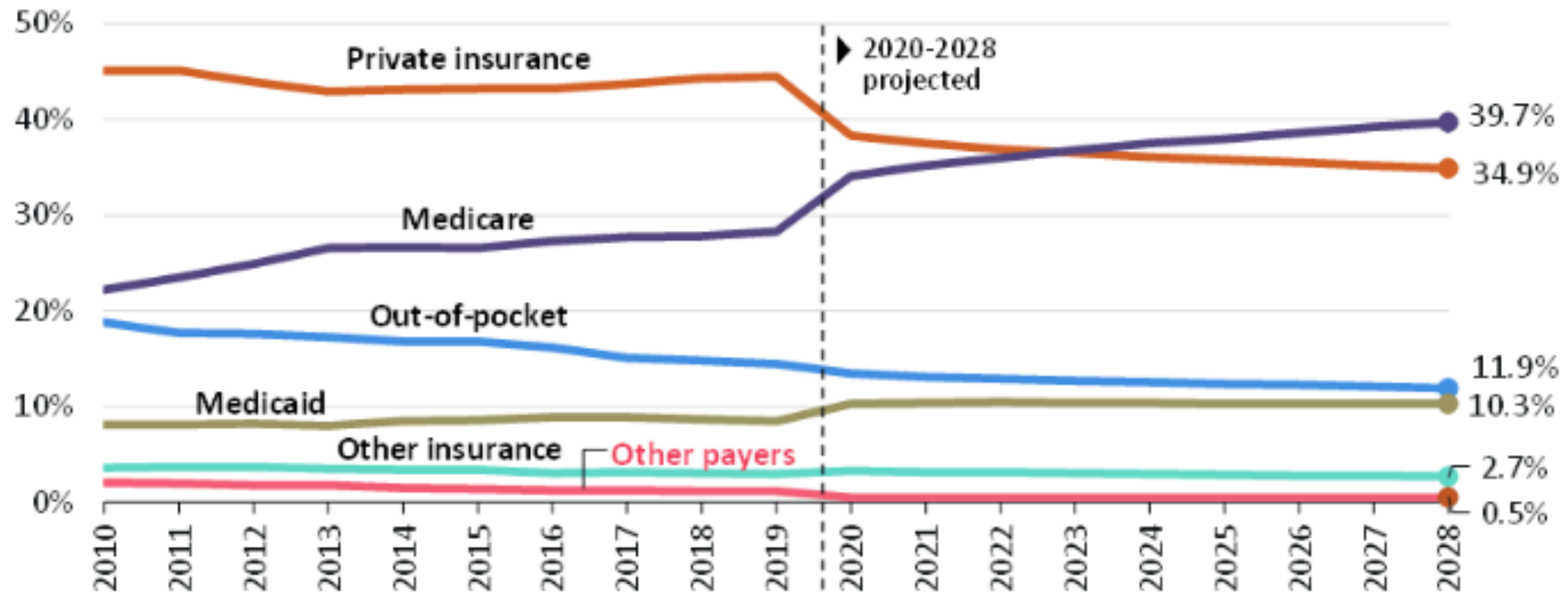
Exhibit 50: Historic and forecast net spending growth for leading therapy areas



Source: IQVIA Institute, Mar 2023.

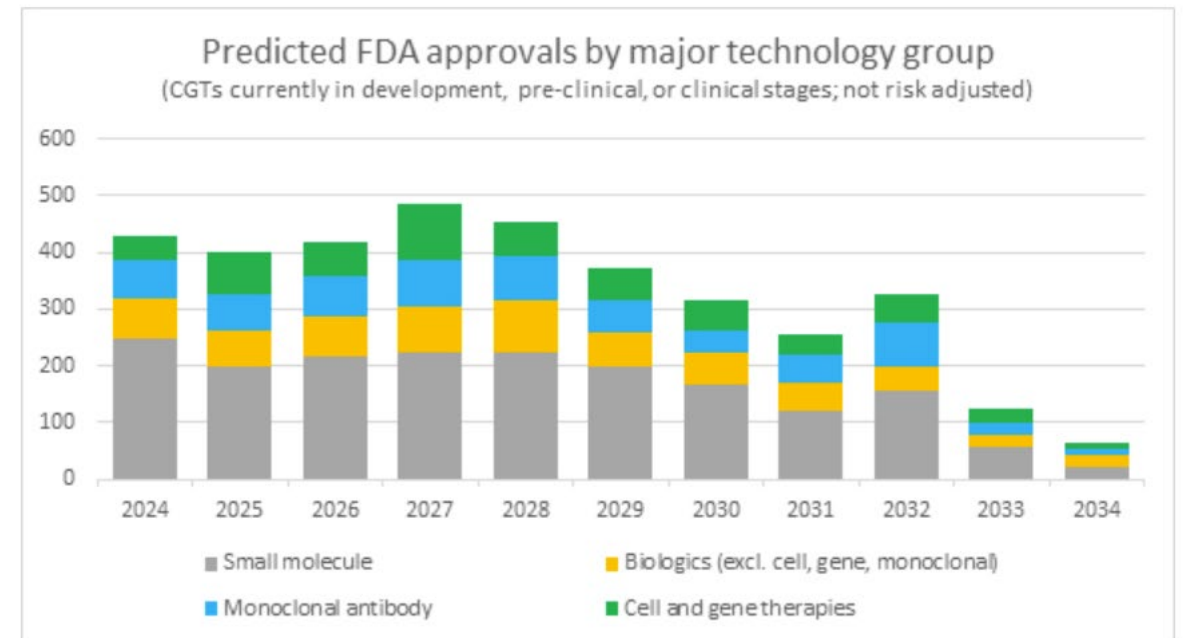


# Government payer share of RX spending growing



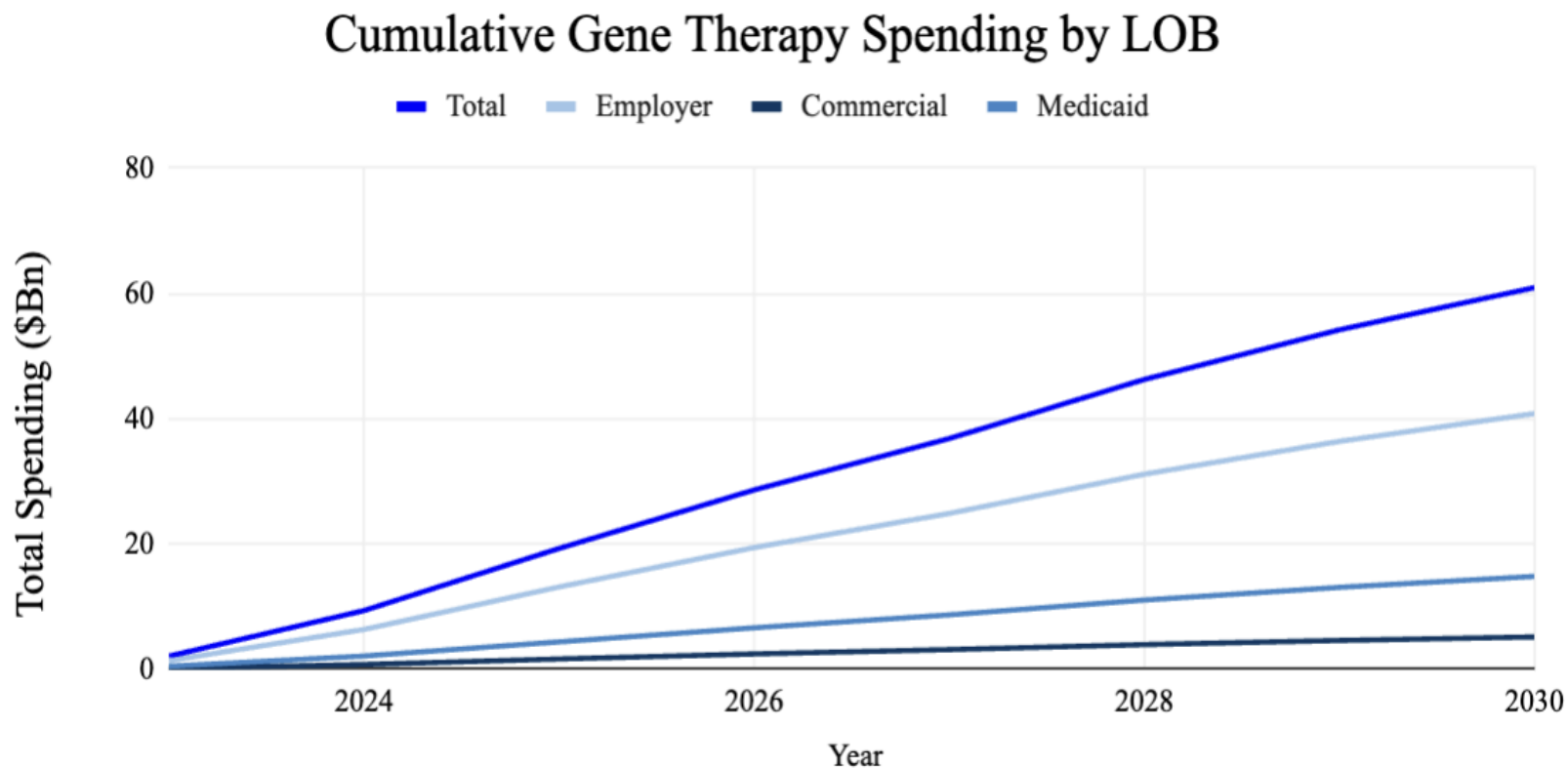
# Cell & Gene Therapy are Expensive and a Small, but Growing, Share of Approvals

Disease	CGT	List Price at Launch	Discount Needed to Achieve CE
Spinal Muscular Atrophy	Zolgensma	\$2.1M	0%
CAR-T for Leukemia and Lymphoma	Yescarta and Kymriah	\$373K	0%
Beta-Thalassemia	Zynteglo	\$2.8M	1-24%
Metachromatic Leukodystrophy	Lenmeldy	\$4.25M	7-46%
Sickle Cell Disease	Casgevy	\$2.2M	7-39%
Sickle Cell Disease	Lyfgenia	\$3.1M	34-56%



Source: Evaluate; RSM US LLP

# CGT Spending Projected to be a Small Share of Total Spending, Concentrates in Employer Self Funded & State Medicaid Plans





# Federal policy has expanded Rx access & contained costs

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HEALTH AFFAIRS > VOL. 39, NO. 3 THE AFFORDABLE CARE ACT TURNS 10  
COMMENTARY

How The ACA Reframed The  
Prescription Drug Market And Set The  
Stage For Current Reform Efforts

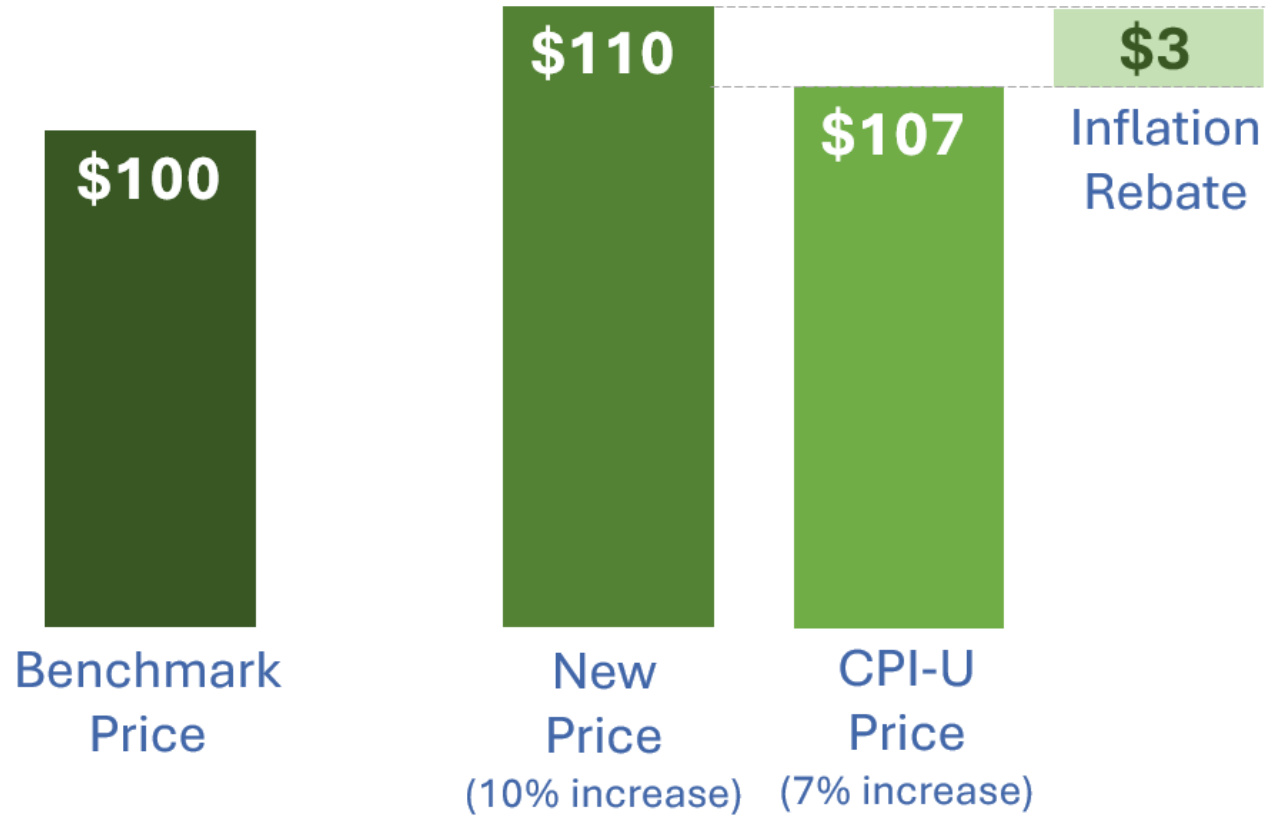
[Rena Conti](#), [Stacie B. Dussetzina](#), and [Rachel Sachs](#)

# IRA: 3 key provisions

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# Promote affordability: Inflation Rebates



# Promote affordability: Medicare Price Negotiation

- Small number of high spend, long lived brand drugs
- Negotiate prices 30-70% off

Drug Name	Commonly Treated Conditions	Total Part D Gross Covered Prescription Drug Costs from June 2022-May 2023	Number of Medicare Part D Enrollees Who Used the Drug from June 2022-May 2023
Eliquis	Prevention and treatment of blood clots	\$16,482,621,000	3,706,000
Jardiance	Diabetes; Heart failure	\$7,057,707,000	1,573,000
Xarelto	Prevention and treatment of blood clots; Reduction of risk for patients with coronary or peripheral artery disease	\$6,031,393,000	1,337,000
Januvia	Diabetes	\$4,087,081,000	869,000
Farxiga	Diabetes; Heart failure; Chronic kidney disease	\$3,268,329,000	799,000
Entresto	Heart failure	\$2,884,877,000	587,000
Enbrel	Rheumatoid arthritis; Psoriasis; Psoriatic arthritis	\$2,791,105,000	48,000
Imbruvica	Blood cancers	\$2,663,560,000	20,000
Stelara	Psoriasis; Psoriatic arthritis; Crohn's disease; Ulcerative colitis	\$2,638,929,000	22,000
Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill	Diabetes	\$2,576,586,000	777,000

Note: Numbers are rounded to the nearest thousands.

Negotiation year	Implementation year	# of Products	Benefit
2023/4	2026	10 Drugs	Part D only
2025	2027	15 Additional drugs	Part D only
2026	2028	15 Additional drugs	Part B and D
2027 and beyond	2029 and beyond	20 Additional drugs	Part B and D

States  
expected to  
benefit  
from  
federal  
policies

Inflation rebates  
impact all payers

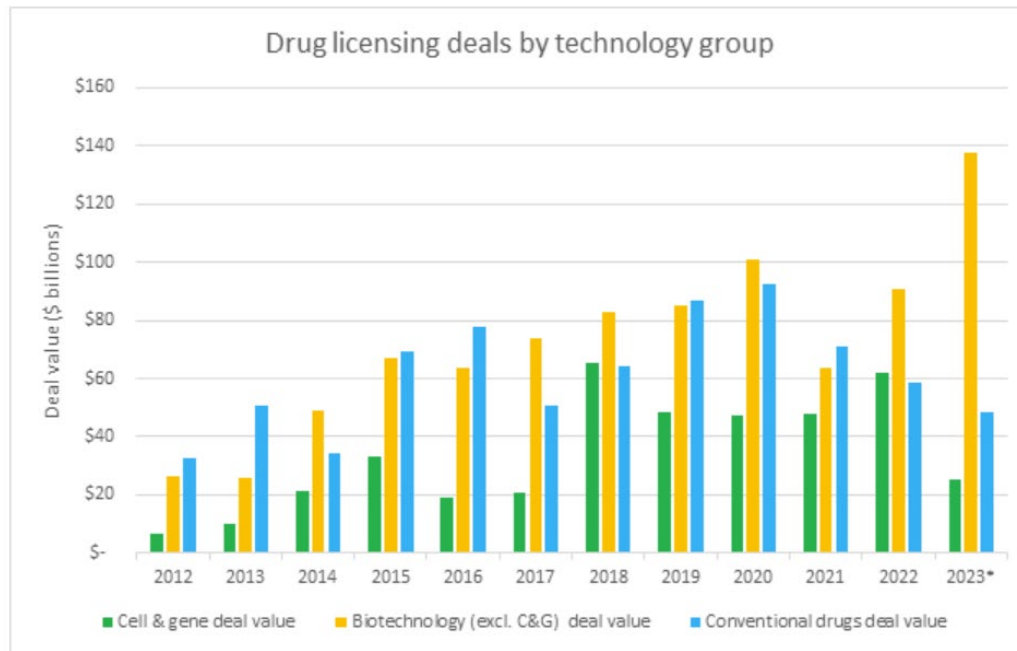
Negotiation may  
help state payers  
obtain better  
prices

State affordability  
boards established  
to help capture  
savings

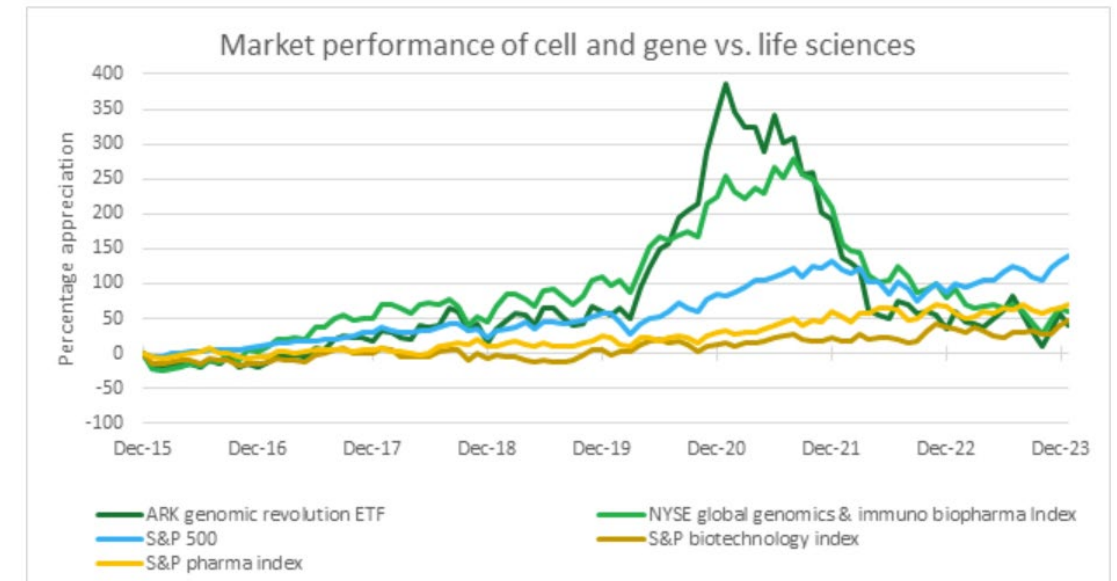
# CGT Patient Access & Affordability Challenges Impact States

- Children and patients with selected genetic diseases (e.g. sickle cell) are at risk
- Commercial & self-insured plans face enrollment churn & adverse selection which lead to access restrictions
- Stop loss and reinsurance can laser out CGTs
- State Medicaid plans are required to cover & must balance budgets

# Lack of CGT Use is Creating Challenges among Innovative Companies



Source: RSM US LLP; Evaluate



Source: RSM US LLP; Bloomberg

# The CMS Innovation Center Cell & Gene Therapy Access Model

*The **Cell and Gene Therapy Access Model** is a framework wherein CMS negotiates with manufacturers on behalf of states for outcomes-based agreements for cell & gene therapies that cover non-dually eligible Medicaid enrollees.*

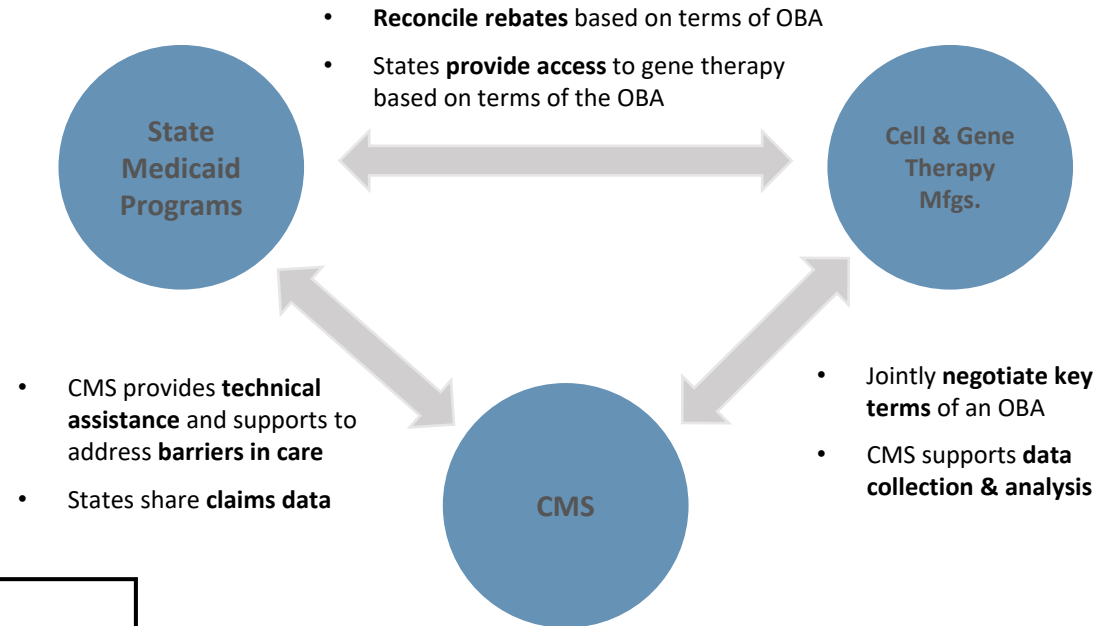
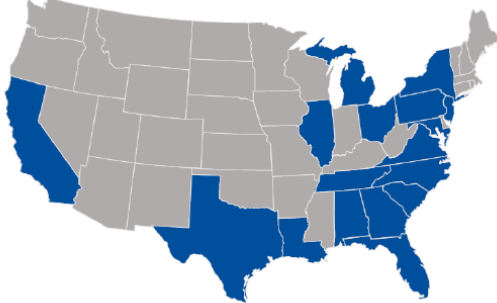


Figure 1: 17 states represent 85% of US SCD patients.<sup>6</sup>





# Other policies for states to consider

State pursuit of  
value-based  
agreements for  
CGTs

Use of subscription  
models to moderate  
spending impact &  
promote access

State-wide caps on  
out of pocket costs

State promotion of  
biosimilar  
exchangeability

# Some takeaways

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- Good news: forecasted spending on prescription drugs is moderating
- Shifts in spending drivers concentrate in innovation areas
- States will benefit from recently implemented federal policies
- More opportunities for savings
  - Promote competition
  - Adopt innovative payment models
  - Suggest targeting medicines that promote public health, equity & economic productivity

Thank you!

[RCONTI@BU.EDU](mailto:RCONTI@BU.EDU)

@CONTIRENA1

# Agenda



Call to Order

Approval of Minutes (Vote)

HPC Market Oversight and Steward Healthcare

Trends in Pharmacy Innovation and Implications for Health Care Costs



**EXECUTIVE DIRECTOR'S REPORT**

Adjourn

**Since 2013, the HPC has reviewed 169 market changes.**

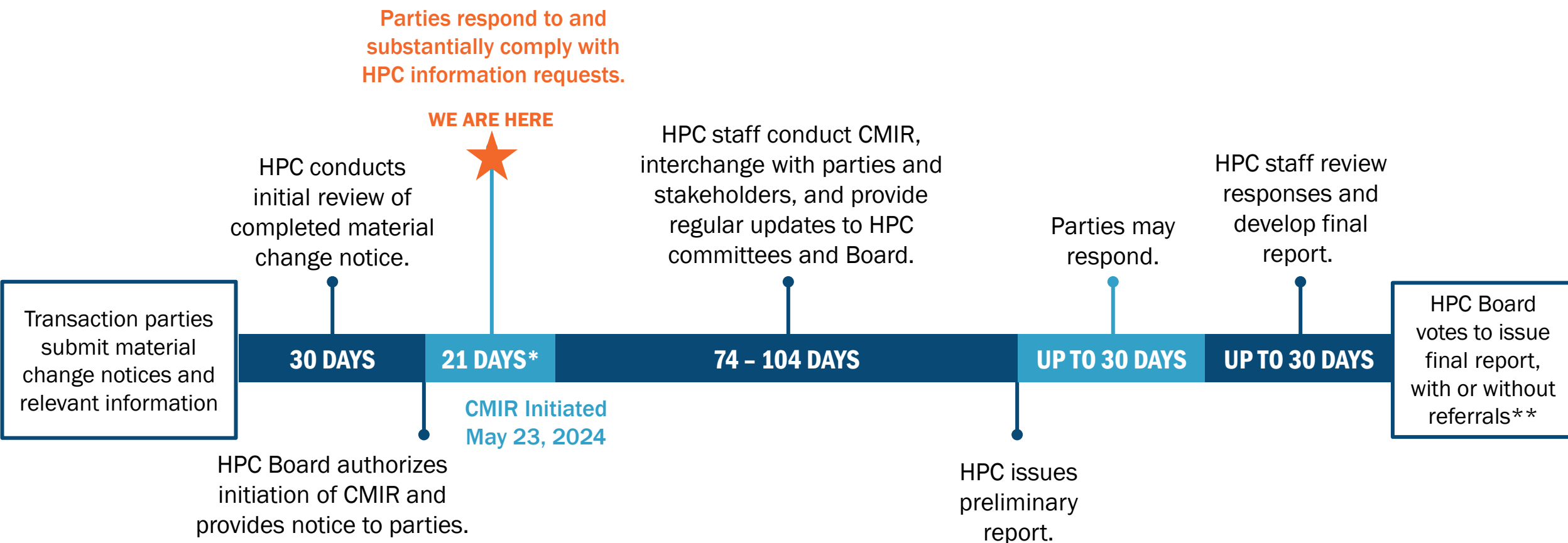
TYPE OF TRANSACTION	NUMBER	FREQUENCY
Formation of a contracting entity	39	23%
Clinical affiliation	36	22%
Physician group merger, acquisition, or network affiliation	35	21%
Acute hospital merger, acquisition, or network affiliation	28	17%
Merger, acquisition, or network affiliation of other provider type (e.g., post-acute)	25	15%
Change in ownership or merger of corporately affiliated entities	5	3%
Affiliation between a provider and a carrier	1	1%

## Cost and Market Impact Reviews in Progress



- A proposed clinical affiliation between **Dana-Farber Cancer Institute, Beth Israel Deaconess Medical Center**, and the **Harvard Medical Faculty Physicians**. On May 23, 2024, the HPC formally initiated the CMIR process.

# Timeline for CMIR Review



\* The parties may request extensions to this timeline which may likewise affect the timing of the report

\*\* The parties must wait 30 days following the issuance of the final report to close the transaction

## Elected Not to Proceed

- A proposed contracting affiliation between **Pediatric Associates of Greater Salem**, which is currently part of Steward Health Care's contracting network, and **Affiliated Pediatrics Practices**, which establishes most of its payer contracts through Mass General Brigham.
- The proposed acquisition of **New England Neurological Associates PC**, a multispecialty neuroscience group with physician and advance practice providers that serves patients in the greater Boston and Merrimack Valley area, by **LGH Medical Group LLC**, a multispecialty physician practice affiliated with Lowell General Hospital.

### WITHDRAWN

- A proposed joint venture between **Greater Springfield Surgery Center**, which operates an ambulatory surgery center in Springfield, and **Mercy Medical Center**, a community hospital also located in Springfield, owned by Trinity Health of New England.



## Material Change Notices Currently Under Review



- The proposed acquisition of **Milford Regional Medical Center** by **UMass Memorial Health Care**.
- A proposed joint venture between **BMC Health System** and **Tellica Imaging** to establish and operate a licensed clinic offering MRI and CT services at three Massachusetts locations.
- The proposed sale of Steward subsidiary **Stewardship Health**, the parent of Stewardship Health Medical Group, which employs primary care and other clinicians across nine states, and Steward Health Care Network, a provider contracting network, to **OptumCare**, a subsidiary of UnitedHealth Group.

### RECEIVED SINCE 4/11

- The proposed acquisition of **Same Day Surgicare of New England** (SDS), a free-standing, multispecialty ambulatory surgical center in Fall River, by **Southcoast Health System**, a nonprofit health system which includes St. Luke's, Charlton Memorial, and Tobey hospitals and currently owns 49% of SDS.

# The Health Equity Compact's Equity Trends Summit: June 6, 2024



The Health Equity Compact comprises over **80 leaders of color** who aim to advance health equity in the Commonwealth.

The Compact's priority legislation, **An Act to Advance Health Equity** (H.1250 and S.799), is currently under consideration by the Senate Committee on Ways and Means.

- The second annual summit highlighted the theme of ***“Health Equity in Action”*** with spotlights on progress made since the 2023 summit and discussions of ongoing opportunities for action, strategies for operationalizing health equity work, scaling initiatives, and ensuring sustainability.
- Panels convened leaders from the **health insurance industry, hospitals, education, advocacy, philanthropy, and state agencies** to discuss how they have addressed and will continue to address health inequities in Massachusetts.
- Key Themes:
  - Work for health equity necessitates a **whole-of-government approach** and a transformation in how the state invests in health care.
  - **Robust data collection and analysis** is necessary to not only identify inequities but also monitor progress toward closing gaps.
  - The success and sustainability of health equity initiatives relies on **active community participation**, both through the collection of community feedback and in engaged investment in the community.

# New HPC Investment Program: HEART-BP



**H**ypertensive disorders  
**E**quitably  
**A**ddressed with  
**R**emote  
**T**echnology for  
**B**irthing  
**P**eople

- The HPC has issued a Request for Proposals for the **Hypertensive disorders Equitably Addressed with Remote Technology for Birthing People (HEART-BP)** program.
- **\$1.5 million investment program** aimed at supporting hospitals in implementing high quality, patient-centered remote monitoring for patients with hypertensive disorders of pregnancy.
- Funds awards of up to **\$300K each for up to 5 hospital awardees.**
- Applications are due on **September 6, 2024.**
- Interested organizations are encouraged to attend an **Information Session webinar on June 27<sup>th</sup> from 12:00 – 1:00 PM.** Questions can also be submitted to [HPC-HEARTBP@mass.gov](mailto:HPC-HEARTBP@mass.gov)
- Detailed information about HEART-BP, including eligibility, key dates, webinar enrollment, etc. is **available on COMMBUYS.**

## RECENTLY RELEASED



- **Report:** Office of Patient Protection Annual Report (April 2024)
- **Investment Program:** MassUP Investment Program: Key Concepts in Practice (April 2024)
- **HPC Shorts:** The Massachusetts Health Care Cost Growth Benchmark (March 2024)
- **DataPoints:** Trends in Ambulatory Surgical Centers in Massachusetts (February 2024)
- **Evaluation Report:** SHIFT-Care Challenge (January 2024)
- **Report:** 2023 Summer Fellowship Report (January 2024)
- **DataPoints:** Sites of Vaccine Administration (November 2023)

## UPCOMING



- **White Paper:** Potential Policy Solutions to Address the Role of Private Equity in Health Care
- **DataPoints:** Early Evidence of Use and Spending Impacts of Blockbuster GLP-1 Weight-Loss Drugs in Massachusetts
- **Report:** Assessment of Health Care Needs and Supply in Massachusetts
- **Chartpack:** Massachusetts Primary Care Workforce
- **Evaluation Report:** C4SEN Investment Program
- **DataPoints:** ACO Certification Program Update – Evolution of Risk Contracting and Care Delivery Innovations

# Schedule of Upcoming Meetings



## BOARD

July 18  
September 19  
December 12



## COMMITTEE

July 15 (ANF)  
October 10



## ADVISORY COUNCIL

June 27  
September 26  
December 5



## SPECIAL EVENTS

November 14  
*Cost Trends Hearing*



[Mass.gov/HPC](https://Mass.gov/HPC)



[HPC-info@mass.gov](mailto:HPC-info@mass.gov)



[@Mass\\_HPC](https://twitter.com/Mass_HPC)



[tinyurl.com/hpc-linkedin](https://tinyurl.com/hpc-linkedin)

# Agenda



Call to Order

Approval of Minutes (Vote)

HPC Market Oversight and Steward Healthcare

Trends in Pharmacy Innovation and Implications for Health Care Costs

Executive Director's Report



**ADJOURN**

# 2024 Public Meeting Calendar



- JANUARY -						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
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28	29	30	31			

- FEBRUARY -						
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- MARCH -						
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31						

- APRIL -						
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28	29	30				

## BOARD MEETINGS

Thursday, January 25  
Thursday, April 11  
Thursday, June 13  
Thursday, July 18  
Thursday, September 19  
Thursday, December 12

- MAY -						
S	M	T	W	T	F	S
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- JUNE -						
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- JULY -						
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- AUGUST -						
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## COMMITTEE MEETINGS

Thursday, February 15  
Thursday, May 9  
Monday, July 15 (ANF)  
Thursday, October 10

- SEPTEMBER -						
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- OCTOBER -						
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- NOVEMBER -						
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- DECEMBER -						
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

## ADVISORY COUNCIL

Thursday, February 29  
Thursday, June 27  
Thursday, September 26  
Thursday, December 5

## SPECIAL EVENTS

Thursday, March 14 – Benchmark Hearing  
Thursday, November 14 – Cost Trends Hearing