

Massachusetts Health Care Cost Growth Benchmark Factsheets

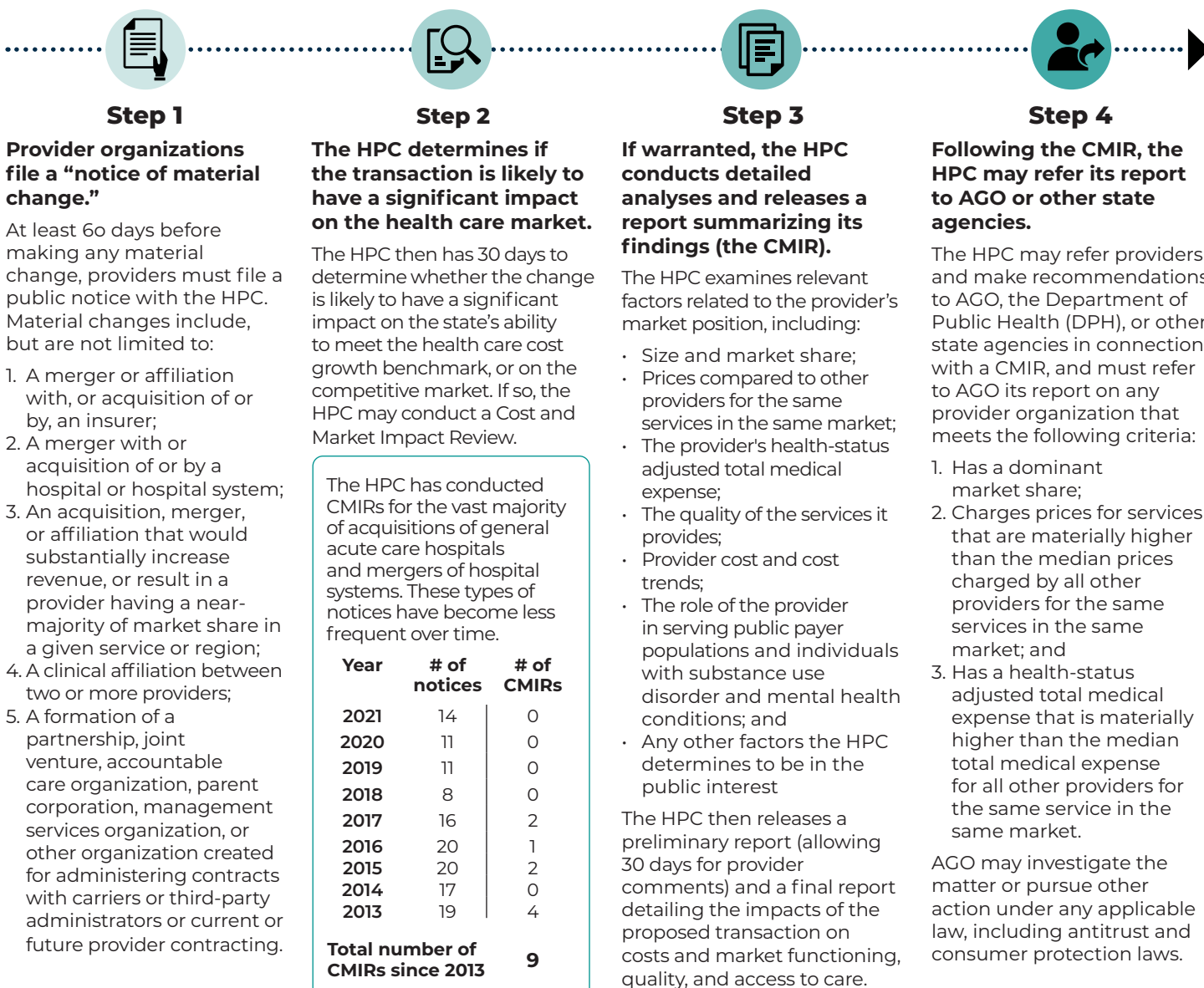
3: Cost and Market Impact Reviews

To contain health care cost increases, Massachusetts enacted Chapter 224 in 2012, which established a first-in-the-nation target, called a benchmark, for annual growth in total statewide health care spending. Among other things, the law created a Health Policy Commission (HPC) and granted it authority to hold payers and providers accountable for keeping annual cost growth below the benchmark. To inform other states that have adopted similar cost growth benchmark initiatives, this Factsheet series describes HPC's four accountability tools and how they have been used to date.

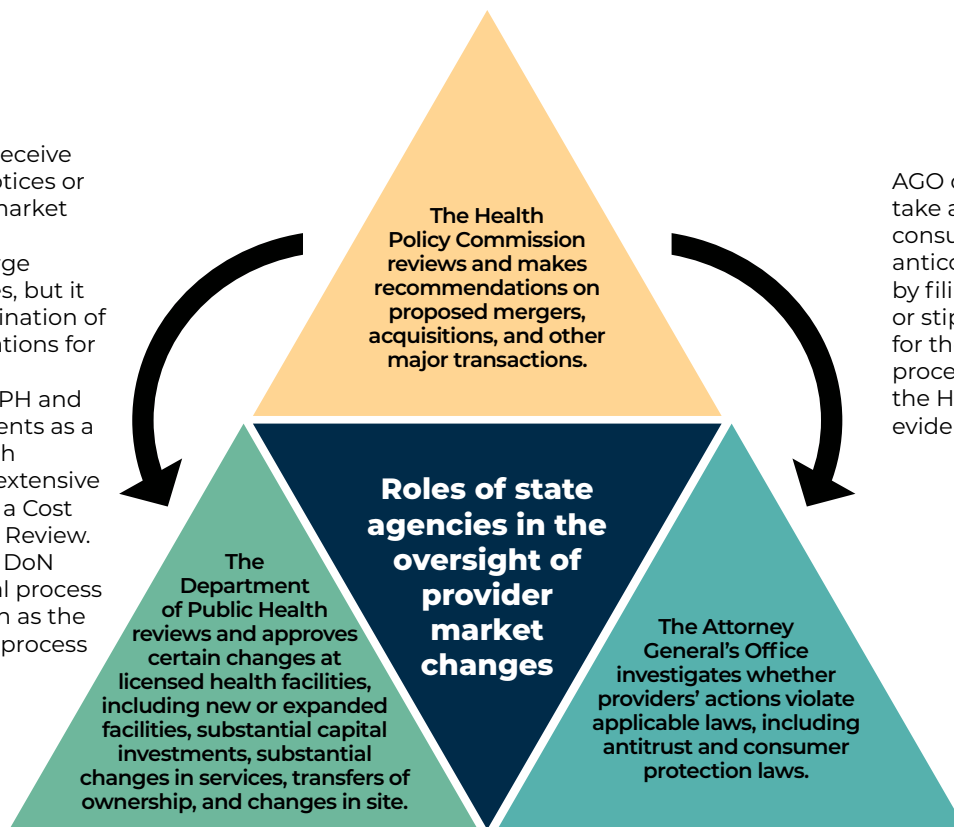
Overview

Cost and Market Impact Reviews (CMIRs) are prospective assessments of the cost and market implications of proposed mergers, acquisitions, contracting affiliations, and other market changes by health care providers. CMIRs are one of the tools that the HPC uses to hold health care providers accountable for controlling the growth of health care costs. The CMIR process ensures transparency of provider actions involving mergers, acquisitions, and other material changes that are likely to result in a significant impact on the state's ability to meet the health care cost growth benchmark, or on the competitive market ([Chapter 224, Section 13](#)). Although the HPC has authority to review and analyze the impact of proposed market changes, the HPC's process is separate from and in addition to the authority of the Attorney General's Office (AGO) to investigate and enforce laws, for example, relating to antitrust, consumer protection, and unfair methods of competition.

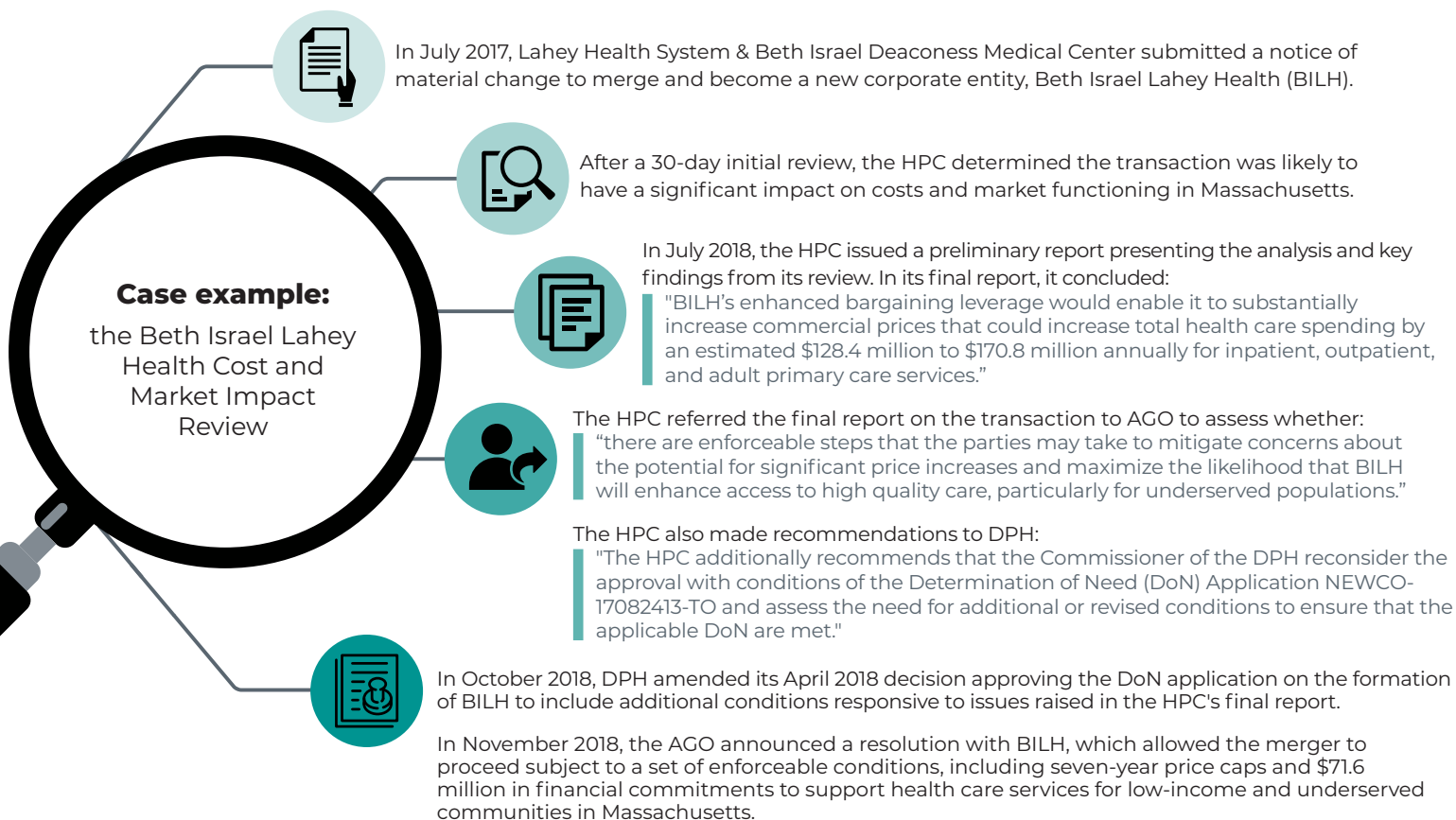
CMIR process



The HPC does not receive material change notices or conduct cost and market impact reviews in connection with large capital expenditures, but it receives all Determination of Need (DoN) applications for facility expansions submitted to the DPH and can provide comments as a party of record. Such comments can be extensive and comparable to a Cost and Market Impact Review. The Massachusetts DoN review and approval process is commonly known as the Certificate of Need process in other states.



AGO can, if appropriate, take actions to protect consumers from anticompetitive behavior by filing an antitrust case or stipulating conditions for the transaction to proceed. AGO can rely on the HPC CMIR reports as evidence in such actions.



The Peterson Center on Healthcare commissioned Mathematica to conduct a process evaluation to understand how key stakeholders perceive the influence of the cost growth benchmark on their actions, and the HPC's use of policy levers and strategies to hold payers and providers accountable for meeting the benchmark. The final report will identify lessons from Massachusetts' experience for other states now setting cost growth benchmarks. This factsheet synthesizes information from numerous HPC documents, available at <https://www.mass.gov/orgs/massachusetts-health-policy-commission>.

Massachusetts Health Care Cost Growth Benchmark Factsheets: Cost and Market Impact Reviews, #3. May 2022. Mathematica.