

Office of Health Care Affordability Enforcement Powers

PRE-ENFORCEMENT ACTIONS

1. Notify health care entities that have exceeded their cost target
2. Allow entities to respond with information justifying cost growth
3. Modify findings to the extent cost growth is justified
4. Report which entities have unjustifiably exceeded their cost targets

PROGRESSIVE ENFORCEMENT ACTIONS FOR ENTITIES THAT FAIL TO MEET COST TARGETS

1. Technical assistance from the office
2. Compelled public testimony before the OHCA Board
3. Performance improvement plans
4. Financial penalties

Performance Improvement Plan Detail

- Must be submitted by health care entities and approved by the director
- Must include specific strategies, adjustments, and actions to improve spending performance
- May not be approved if proposed actions would erode access, quality, equity, or workforce stability
- May be in place for up to 3 years

Administrative Penalties Detail

- May be imposed on entities that fail to meet performance improvement plans
- May be assessed in amounts commensurate with failure to meet targets, or higher for repeated noncompliance
- Range and scope of penalties to be set by the board

MASSACHUSETTS CASE STUDY: Enforcement

1) NOTICE

January 2022:

First PIP is imposed (for Mass General Brigham).

State findings in support of requiring a PIP:

- \$293 million in cumulative commercial spending growth in excess of cost targets over 5 years
- Higher prices than other providers
- Inadequate cost containment strategies

May 2022:

Mass General Brigham proposes PIP that commits to reduce annuals pending by \$70 million

September 2022:

Mass General Brigham proposes a revised PIP, which is approved by the state and commits to reduce annual spending by \$128 million through:

- Price reductions
- Reducing utilization (e.g. MRIs)

2) PIP*

3) FINANCIAL PENALTIES

- Shifting care to lower cost sites
- Increasing value-based care (i.e. alternative payment methodology adoption)

October 2022 - March 2024:

Mass General Brigham will implement approved PIP

After March 2024:

Massachusetts will determine whether PIP was implemented successfully and either:

- Close the PIP
- Extend the PIP
- Require a new PIP submission
- Delay or waive a new PIP requirement

*Performance Improvement Plan



First enforcement actions on cost targets expected (for 2026 targets)