MassHealth Delivery System Restructuring: 2023 Update Report

Executive Office of Health & Human Services

February 2026

Executive Summary

This report marks the first annual update under the 2022-2027 MassHealth 1115 Demonstration, covering the performance period from April 1, 2023 through December 31, 2023.

Under the previous 1115 Demonstration period (2017-2022), Massachusetts implemented the largest delivery system restructuring in 20 years through which the state moved away from fee-for-service payment methods by creating Accountable Care Organizations (ACOs), Community Partners (CPs), and supporting delivery system restructuring through the Delivery System Reform Incentive Payment (DSRIP) Program. These changes allowed MassHealth to better engage members in their care, serve members with complex needs, and invest in statewide infrastructure to improve quality of care, improve population health, and reduce costs. The 2022-2027 1115 Demonstration builds on these reforms by continuing to support integrated, outcomes-based care for MassHealth members and bringing a new focus on closing disparities in quality and access.[1]

As the first year under the 2022-2027 1115 Demonstration period, 2023 marked a year of many **structural and policy changes** for MassHealth, including:

- **Launch of new ACO contracts and CPs**: On April 1, 2023, MassHealth successfully transitioned ~1.3M members to one of the 17 new ACOs, and ~35K members to one of the 20 new CP organizations, providing enhanced care coordination to members with complex behavioral health and long-term services and supports (LTSS) needs. The ACO program now includes every major health system and all Federally Qualified Health Centers (FQHCs) in the Commonwealth.
- **Robust continuity of care period**: In order to ease the transition for members into their new MassHealth ACOs, all members received a 90-day continuity of care period to allow members who changed plans to transition their services to in-network providers. Overall, the transition beyond the continuity of care period went smoothly with limited disruptions to member experience.
- **Launch of Primary Care Sub-Capitation Program**: This new key feature of the ACO program is a first-in-the-nation approach to changing the way Medicaid pays for primary care. Through this program, ~900 primary care practices receive capitated monthly payments to deliver primary care services which will better support a shift towards team-based, integrated care. The Primary Care Sub-Capitation Program will also provide practices with a more consistent, reliable revenue stream.
- **Expansion of Services to Address Health-Related Social Needs (HRSN)**: The Flexible Services Program expanded housing and nutrition supports and partnered with 40 social service organizations (SSOs) to deliver programs statewide.

In addition to the changes resulting from the 1115 Demonstration, there are two other efforts that launched in 2023 which are worth highlighting in setting the context for this report:

- **MassHealth Redeterminations**: The federal Public Health Emergency (PHE) for COVID-19 and its continuous eligibility protections ended on May 11th, 2023, and all Medicaid agencies nationally were required to redetermine eligibility for all individuals receiving Medicaid benefits. From April

[1] Prior reports are available at: https://www.mass.gov/info-details/massachusetts-delivery-system-reform-incentive-payment-program

to December 2023, the MassHealth caseload overall decreased by approximately 282K members. To ensure all MassHealth members were engaged and had the information they needed, MassHealth ACOs and MCOs carried out approximately 1.2 million outreach attempts via phone call, text message, and letters to members selected for renewal from April to December 2023.[2]

- **Behavioral Health (BH) Reforms**: In 2023, the Executive Office of Health and Human Services (EOHHS) launched the Roadmap for BH Reform, a comprehensive initiative aimed at enhancing access to BH community-based outpatient and crisis services and addressing gaps in equitable and timely access to these services.

Some key highlights from 2023 include:

- ACO enrollment grew by 9% from 1,196,381 average members in 2022 to 1,303,220 average members in 2023 despite overall MassHealth caseload decreasing as a result of the conclusion of the federal PHE; this increase likely resulted from the addition of new providers in the MassHealth ACO program in 2023.
- In 2023, the ACO program accounted for $6.4B[3] of MassHealth spending, with an average annual total cost of medical services per member of ~$6,588.
- Primary care utilization rates were higher and grew faster for ACO members than non-ACO members. In 2023, the rate of primary care visits per 1,000 members was 45% higher for ACO members than non-ACO members. From 2022 to 2023, PCP visits increased for ACO members while they decreased for non-ACO members.
- ACOs launched 112 Flexible Services programs with 64 SSOs resulting in 18,600 members served. This resulted in reductions in healthcare utilization and, for some subpopulations, reductions in total cost of care.
- ACOs and CPs performed well across all quality measures in pay-for-performance status, several of which require high levels of care coordination among discharging hospitals and ambulatory settings (both primary care and BH).

[2] MassHealth "January 2024 Update on MassHealth Redetermination." https://www.mass.gov/doc/january-2024-key-takeaways/download

[3] April – December 2023 medical expenditures; includes all medical covered services (including maternity supplemental and health coverage determinations), and excludes Applied Behavioral Analysis (ABA), Children's BH Initiative (CBHI), and Hepatitis C (HCV). Excludes MCO-Administered ACOs. Total spend and PMPY figures are not directly comparable to estimates in previous annual reports

Context

Context for Delivery System Restructuring Efforts: 1115 Waiver Renewal

This report marks the first annual update under the 2022-2027 MassHealth 1115 Demonstration, covering the performance period from April 1, 2023 through December 31, 2023.[4]

The prior demonstration period (2017-2022) introduced foundational reforms, including the launch of ACOs, CPs, and the DSRIP program. These initiatives set the stage for continued delivery system transformation. While this report focuses on the first year of the 2022-2027 1115 Demonstration period, it references 2022 data where relevant for year-over-year comparisons and to contextualize baseline performance trends.

In 2023, MassHealth launched a new set of ACOs and implemented several changes to the program:

- Primary Care Sub-Capitation Program: This new payment method transitioned payments for a defined set of primary care services from fee-for-service to prospective per-member-per-month (PMPM) payments. This model is designed to support integrated care, stabilize provider revenue, and enable more flexible, team-based service delivery.
- CP Program: The CP program moved from temporary DSRIP grant funding to ongoing per-member-per-month payments made directly by ACOs and MCOs to CPs. Additionally, ACOs contract with and manage CPs directly. This model supports deeper integration, clearer accountability, and stable financial relationships between CPs and ACOs/MCOs.
- Services to Address HRSN: MassHealth continued operating the Flexible Services program as a grant-like program, but began preparations to transition these services into a benefit for eligible ACO members within a managed care framework as of January 1, 2025. MassHealth also introduced new contractual requirements of ACOs to address HRSNs.
- Advance Quality and Health Equity: MassHealth implemented aligned quality and equity initiatives across delivery system settings including but not limited to MassHealth's ACOs and MCOs.

On April 1, 2023, MassHealth officially ended its COVID-19 continuous coverage protections and began eligibility redeterminations for the first time since 2020. This process resulted in enrollment shifts across public programs and commercial plans.

Additionally, in 2023, the Executive Office of Health and Human Services implemented the Roadmap for BH Reform,[5] which aimed to enhance access to BH community-based outpatient and crisis services and address gaps in equitable and timely access to these services. A key component of the Roadmap included the launch of a statewide network of 25 Community Behavioral Health Centers (CBHCs) which offer extended hours for urgent and outpatient BH services as well as crisis intervention serving every community across the state.

[4] Previous reports for the 2017-2022 1115 Demonstration period can be found here: https://www.mass.gov/info-details/massachusetts-delivery-system-reform-incentive-payment-program#dsrip-annual-report-and-public-meeting

[5] Massachusetts Executive Office of Health and Human Services "Roadmap for Behavioral Health Reform" https://www.mass.gov/roadmap-for-behavioral-health-reform

This report highlights some of the payment and delivery system reform efforts that MassHealth has undertaken and presents initial findings on utilization, quality outcomes, member experience, access, and cost. This new data will serve as the basis for comparison in future reports.

Delivery System Reform Updates

ACOs

Delivery System Reform: ACOs

In 2023, MassHealth launched a new set of ACOs, implemented the BH Roadmap to expand access to BH services, and began the primary care sub-capitation program for primary care practices enrolled in an ACO. Additionally, the COVID-19 Medicaid continuous coverage protections ended and MassHealth began eligibility redeterminations. A few themes emerged during this period:

- ACOs increased enrollment with the launch of the new ACO contracts, growing to a total average enrollment of 1,303,220 (9% growth over 2022).
- The ACO program saw a mix in service utilization, with some service utilization increasing 2022-2023 (e.g., BH inpatient admissions, outpatient hospital visits, urgent care, and primary care visits), while other service utilization declined (e.g., physical health inpatient admissions, emergency department visits, home health) as shown in Graph 1.
- Primary Care utilization grew by 24% for ACO members while it declined slightly for non-ACO members as shown in Graph 2. In 2023, PCP utilization was 45% higher for ACO members versus non-ACO members.
- On April 1, 2023, the Primary Care Sub-Capitation program launched covering ~900 primary care practices. A requirement of participating in an ACO, primary care practices were transitioned from fee-for-service payments to prospective PMPM payments for a defined set of primary care services.
- In its fourth year the Flexible Services program continued to support a substantial number of members and built on robust evaluation data from the first three years showing significant reductions in health care utilization and, for subsets of members, in total cost of care.
- MassHealth worked with ACOs on ensuring a smooth eligibility redetermination process through member outreach and education; from April to December 2023 ACOs and MCOs completed 1,156,994 outreach attempts to members via calls, texts, and letters.

ACOs Retained Members and Enrollment Grew

From 2022 to 2023, ACOs retained members successfully transitioning them to the new ACOs, and enrollment increased in the context of the PHE. Specifically, from 2022 to 2023, ACO enrollment grew by 9% from 1,196,381 average members in 2022 to 1,303,220 average members in 2023.

Table 1: ACO Enrollment by Health Plan[6]

ACO Type	Health Plan	ACO Name	% of ACO Total	# of Average Members	% Adults	% Children
Accountable Care Partnership Plan (ACPP)	Fallon Health	Atrius Health	3.4%	43,769	56%	44%
ACPP	Fallon Health	Health Care Collaborative of the Berkshires, LLC	1.6%	21,017	73%	27%
ACPP	Fallon Health	Reliant Medical Group	3.1%	40,378	46%	54%
ACPP	Health New England	Baystate Healthcare Alliance	4.0%	52,391	60%	40%
ACPP	Mass General Brigham Health Plan	Mass General Brigham, LLC	12.3%	160,307	57%	43%
ACPP	Tufts Health Public Plans, Inc.	Cambridge Health Alliance	3.1%	40,097	56%	44%
ACPP	Tufts Health Public Plans, Inc.	UMass Memorial Health Care, Inc.	3.8%	50,117	63%	37%
ACPP	WellSense Health Plan	East Boston Neighborhood Health Center	2.5%	32,205	47%	53%
ACPP	WellSense Health Plan	Beth Israel Lahey Health Performance Network, LLC	6.1%	79,286	75%	25%
ACPP	WellSense Health Plan	Boston Accountable Care Organization, Inc.	12.1%	157,954	63%	37%
ACPP	WellSense Health Plan	Boston Children's Health Accountable Care Organization, LLC	10.3%	134,846	6%	94%
ACPP	WellSense Health Plan	Mercy Health Accountable	2.6%	33,875	60%	40%

[6] Table 1 shows enrollment from 4/1/23-12/31/23. Data refreshed on 7/13/25; pulled on 07/25/2025. This table reflects average members enrolled from 4/1/23-12/31/23

		Care Organization, Inc.				
ACPP	WellSense Health Plan	Signature Health Corp.	2.0%	25,686	66%	34%
ACPP	WellSense Health Plan	Southcoast Health Network, LLC	1.6%	21,124	72%	28%
ACPP	WellSense Health Plan	Tufts Medicine, Inc.	5.0%	64,946	58%	42%
Primary Care ACO (PCACO)		Community Care Cooperative	17.2%	223,761	62%	38%
PCACO		Steward Health Care Network	9.3%	121,461	56%	44%
ACO Total				**1,303,220**	**55%**	**45%**

From 2022 to 2023, at the Population Level, Utilization Increased for Some Service Categories but Decreased for Others

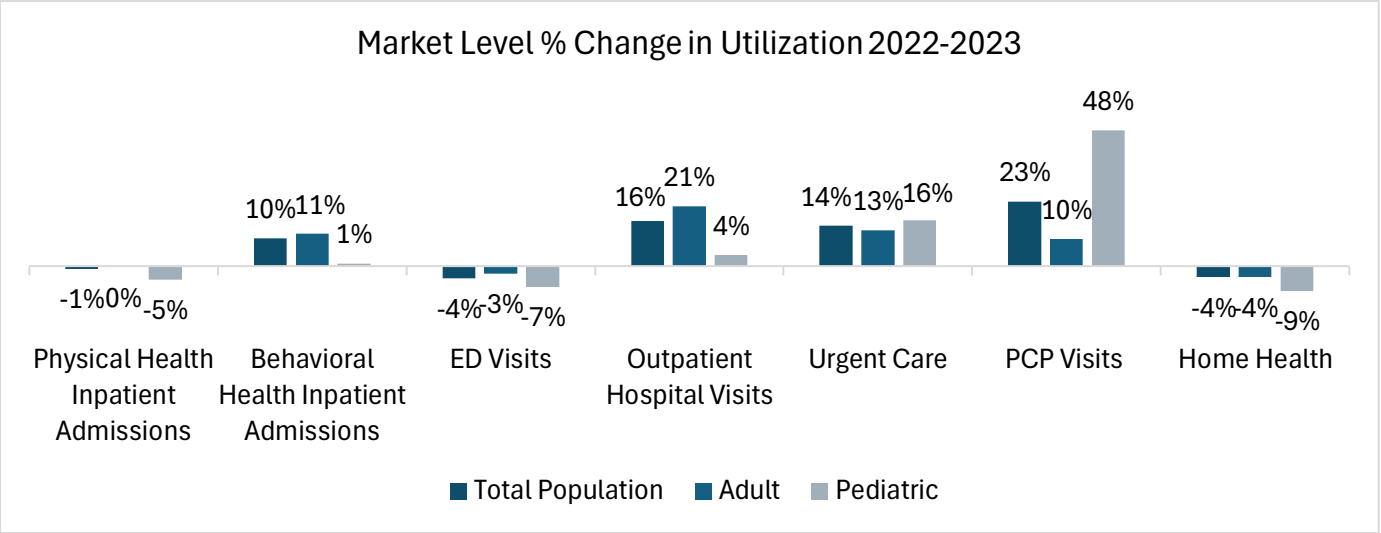
From 2022 to 2023 there was an increase in utilization in some categories of service (e.g., BH inpatient admissions, outpatient hospital visits, urgent care, and primary care visits), and decreases in other categories of service (e.g., physical health inpatient admissions, emergency department visits, home health) as illustrated in Graph 1.

Increases in some service categories can be attributed to various factors. Medicaid redeterminations which began on April 1, 2023, resulted in thousands of healthier members with lower utilization losing MassHealth coverage leaving an overall caseload with more acute and complex needs overall. While the impact of redeterminations is not fully captured in this time period, increases in utilization are expected as the acuity of the MassHealth population increased. Additionally, increases in certain service categories resulted from members seeking care that was potentially deferred during the COVID-19 pandemic.

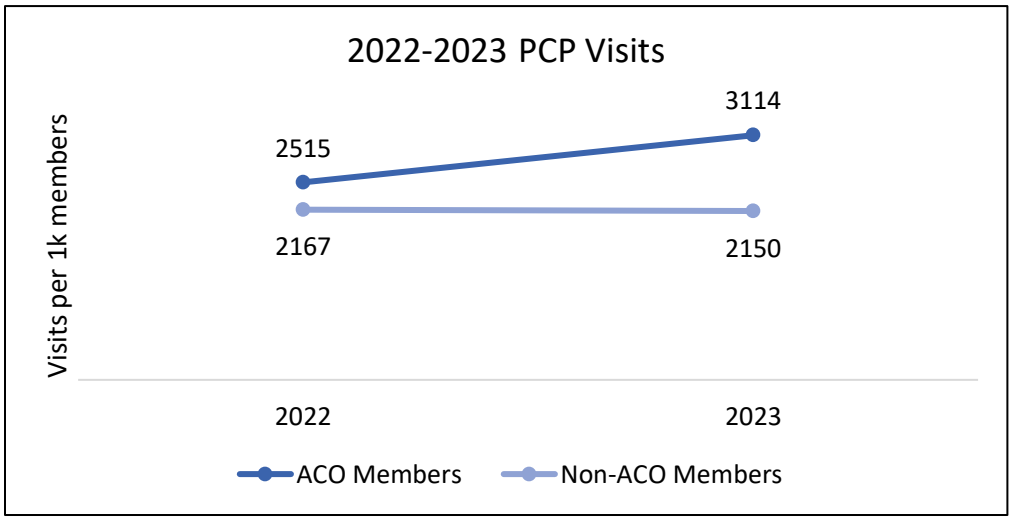
Increases in BH utilization also signify an increase in access to those services. BH needs increased during and following the COVID-19 pandemic, which resulted in a significant increase in ED boarding where members were waiting for long periods of time for a BH inpatient bed placement. In 2023, structural and policy changes were made to increase access to inpatient BH care resulting in increased utilization. First, from 2022 to 2023, there were 214 new inpatient BH beds statewide, and existing beds faced fewer COVID-related closures. Additionally, in October 2022, the Massachusetts legislature eliminated prior authorizations for adult BH inpatient admissions. Notably, ED boarding rates for MassHealth members decreased by 59% from 2022 to 2023, indicating improved access.

Comparing utilization trends between ACO and non-ACO members, MassHealth found primary care utilization higher for ACO members by 45%. Additionally, primary care utilization grew by 24% for ACO members while it declined slightly for non-ACO members as shown in Graph 2.

Graph 1: Market-level Percent Change in Utilization 2022-2023[7]



Graph 2: Members in ACOs had Higher and Growing Rates of Primary Care in 2023



MassHealth Collaborated with ACOs to ensure a smooth eligibility redetermination process through member outreach and education

May 11, 2023 marked the end of the federal COVID-19 public health emergency (PHE) declaration and the continuous eligibility protections, so all states were required to redetermine their full caseload of MassHealth members. In preparation for resuming eligibility redeterminations on April 1, 2023, MassHealth increased staffing significantly to manage incoming member calls and applications, improved systems to automatically renew as many members' coverage as possible, and worked in close

[7] Includes ACO, MCO and PCC Plan utilization. Outpatient BH visits not shown due to billing changes making the two time periods non-comparable.

collaboration with health plans, providers, and other stakeholders to implement a comprehensive member outreach approach.

MassHealth engaged ACOs in strategic planning to promote member awareness throughout the redeterminations effort by sharing outreach toolkits which included key messages as well as downloadable flyers, posters, and other materials in nine languages. Materials in the toolkits were also included for specific populations, such as members experiencing homelessness, older adults, or members with disabilities. MassHealth additionally shared a Renewal Help Guide to support plan staff with member interactions.

MassHealth closely tracked ACO member outreach and shared a blinded monthly dashboard with the ACOs which included procedural termination rates among other renewal metrics and outreach strategies implemented. From the start of the MassHealth redetermination effort in April 2023 through the end of the calendar year, the ACOs and MCOs completed 1,156,994 outreach attempts to members via calls, texts, and letters.

The Health Plan Assister (HPA) Initiative was introduced to the health plans in August of 2023 as MassHealth's approach to operationalize a CMS flexibility[8] as part of an effort to support MassHealth enrollees with renewal form submission or completion to reduce procedural terminations. All ACO/MCO health plans signed HPA Agreements to participate by November 2023 and engaged members throughout 2023 and into 2024.

Primary Care Sub-Capitation Program

The Primary Care Sub-Capitation program launched on April 1, 2023 within MassHealth's ACO program. All primary care practices in the ACO program are required to participate, and the model serves all ACO members. This program transitioned payments for a defined set of primary care services from fee-for-service to prospective PMPM payments. Participating primary care practices choose from one of 3 clinical "Tiers" of participation. Practices at higher Tiers have greater primary care delivery expectations and receive correspondingly higher payments.

Approximately 900 primary care practices participated in the Primary Care Sub-Capitation program in 2023 (61% of practices were Tier 1; 21% of practices were Tier 2; 18% of practices were Tier 3). Every major health system and all FQHCs participated. Approximately 1.3 million ACO members were attributed to a practice in the Primary Care Sub-Capitation program in 2023 (24.5% of members were attributed to a Tier 1 practice; 26.4% of members were attributed to a Tier 2 practice; and 49.1% of members were attributed to a Tier 3 practice).

Primary care practices participating in the program received monthly capitation payments from ACOs. MassHealth verified that those payments were accurate and consistent each month in 2023. Additionally, Primary Care Sub-Capitation PMPM payments, on average, were higher than what providers would have been paid fee-for-service in 2023, even without including the additional Tier-based payments they received. Overall, group practice organizations in the program received $179.8M (45% more than they would have received fee-for-service), community health centers in the program received

[8] State Strategies to Prevent Procedural Terminations

$202.81M (14% more than they would have received fee-for-service), and outpatient hospitals[9] in the program received $139.04M.

Flexible Services Program

Summary of 2023 Progress

The Flexible Services Program enables ACOs to provide nutritional and housing supports to members with the goal of improving overall member health and outcomes. In its fourth year, the program continued to support a substantial number of members, and built on robust evaluation data from the first three years showing significant reductions in health care utilization and, for subsets of members, in total cost of care.

In 2023, MassHealth received approval from CMS to allow ACOs to provide nutrition supports not just to members who are high-risk children or who are pregnant but also the members of their household. Through this approval, ACOs were able to deliver nutrition supports to 120 members at the household level in 2023. This flexibility addressed one of the most commonly requested changes made during the first three years of the program, as individuals who live with other household members who are experiencing food insecurity will share their nutrition supports, thus diluting the nutrition intervention.

MassHealth also instituted additional contract requirements for ACOs to offer a minimum number of programs (one housing and one nutrition), serve a minimum percentage of their caseload with Flexible Services (1%), ensure the percentage of Flexible Services recipients that are children is roughly proportional to the percentage of their overall caseload that are children, and to budget and spend at least 75% of their Flexible Services annual budget.

Although the Flexible Services program served a substantial number of members in 2023, the number was fewer than those served in 2022, primarily due to the new ACO contract. Specifically, in 2022, ACOs were able to "roll over" unspent 2021 Flexible Services funds into their 2022 budgets. However, in 2023, ACOs were unable to rollover unspent 2022 Flexible Services funds into their 2023 budgets because these two years were covered under different ACO contracts, and there were a different set of ACOs in 2022 vs. 2023.

ACO Partnerships with SSOs

In 2023, ACOs partnered with 40 community-based SSO to deliver Flexible Services (20 housing, 16 nutrition, and 4 housing/nutrition SSOs). All 17 ACOs offered at least 2 Flexible Services Programs. Overall, they offered 112 Flexible Services programs focused on nutrition and housing support services and goods (53 housing, 52 nutrition, and 7 housing/nutrition programs). Compared to 2022, both the number of available programs and partnerships between ACOs and SSOs increased by approximately 30%.

Geographic Distribution of Flexible Services Programs

ACOs implemented Flexible Services programs in every geographic region of the state, across the full breadth of supports allowed by the program (Western: 15 housing, 22 nutrition; Central: 27 housing, 35

[9] Due to methodology limitations, data comparing Primary Care Sub-Capitation program payments to fee-for-service payments is not available for outpatient hospitals.

nutrition, 4 housing/nutrition; Northern: 13 housing, 16 nutrition, 1 housing/nutrition; Greater Boston: 29 housing, 34 nutrition, 1 both; Southern: 19 housing, 27 nutrition, 3 both)[10].

Flexible Services Program Funding and Utilization

ACOs spent a total of $26M on the Flexible Services Program in 2023 (pre-tenancy individual supports: $4.5M; pre-tenancy transitional supports: $2.1M; tenancy sustaining supports: $3.3M; home modifications: $0.6M; nutrition sustaining supports: $15.5M).

Due to the changes in the program from 2022 to 2023 described above, Flexible Services annualized budgets in 2023 decreased by 11% relative to annualized budgets in 2022 [2022[11]: $66.5M (inclusive of rollover from 2021; $53.2M annualized); 2023[12]: $35.4M ($47.2M annualized)], and annualized expenditures correspondingly decreased by 17% [2022[10]: $52.4M ($41.9M annualized); 2023[11]: $26.0M ($34.6M annualized)]. There was also a 16% decrease in the number of overall annualized services[13] delivered from 2022 to 2023 [2022[10]: 51,392 (41,113 annualized); 2023[11]: 36,348 (48,464 annualized)]. In contrast, there was a 14% increase in annualized unique members served from 2022 to 2023 [2022[10]: 20,475 (16,380 annualized); 2023[11]: 13,950 (18,600 annualized)], indicating that in 2023, members received fewer and less expensive services than members in 2022. Indeed, there was a 27% decrease in average dollars spent per unique member from 2022 to 2023 [2022: $2,506 per member; 2023: $1,862 per member].

When analyzing the trajectory of the Flexible Services program from launch in 2020, there was continuous year-over-year growth in the number of unique members served while expenditures generally increased except in 2023 for reasons already stated (see Table 2 and Graph 3). When comparing 2020 to 2023 specifically, Flexible Services expenditures increased by 409% from $6.8M to $34.6M, and the number of unique members served increased by 203% from 6,133 to 18,600 (see Table 2).

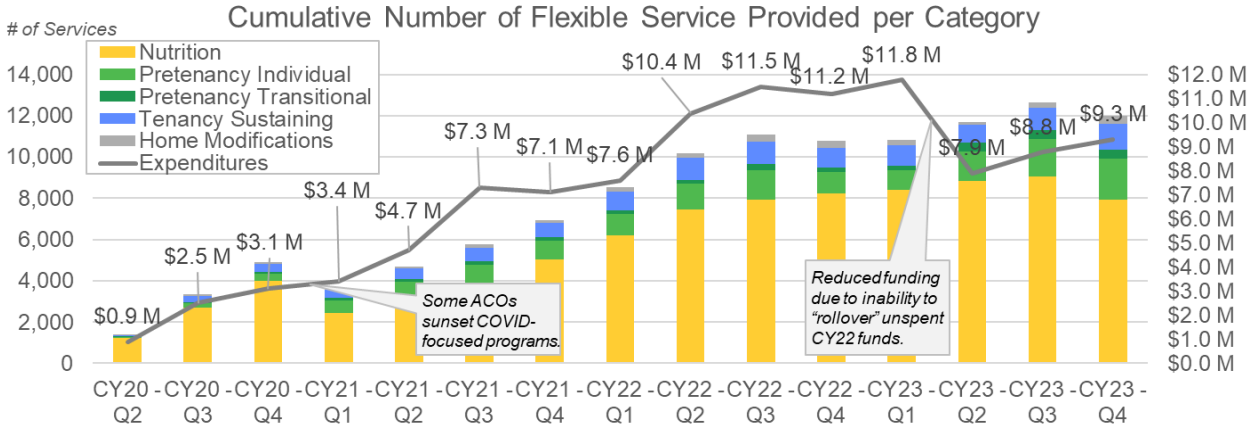
Table 2: Flexible Services Members Served and Dollars Spent[14]

Flexible Services	# of Members Served	$ Spent
Total CY20	6,133	$6.8M
Total CY21	10,466	$22.6M
Total CY22	16,380	$41.9M
Total CY23	18,600	$34.6M

[10] Several programs operated across more than one region of the Commonwealth and were counted more than once in these program counts.
[11] The 2022 performance period encompasses five quarters (1/1/2022 – 3/31/2023) rather than the standard four quarters reported in 2020 and 2021.
[12] The 2023 performance period encompasses three quarters (4/1/2023 – 12/31/2023) rather than the standard four quarters reported in 2020 and 2021.
[13] MassHealth defines Flexible Services in terms of member-quarters or number of quarters members have received services. A unique member that received services across 4 quarters would count towards 4 services provided.
[14] The CY22 performance period encompasses five quarters (1/1/2022 – 3/31/2023) and the CY23 performance period encompasses three quarters (4/1/23 – 12/31/23), rather than the standard four quarters reported in 2020 and 2021. For the purposes of year-over-year comparisons, both the CY22 and CY23 numbers reported in this table are annualized to four quarters.

When looking cumulatively at the Flexible Services program from 2020 to 2023, MassHealth ACOs spent $107.8M to provide over 116,000 Flexible Services[15] to 35,464 unique members (Graph 3).

Graph 3: Cumulative Number of Flexible Services Provided per Category[16]



Flexible Services: Impact

The nutrition and housing supports provided through the Flexible Services program allowed MassHealth ACO members throughout the Commonwealth to address their HRSN. For instance, a pediatric member with autism spectrum disorder and experiencing homelessness was referred to housing search services. These services successfully provided the member and their family assistance with applying for emergency subsidized housing, other eligible housing, and connection with community resources. Through these services, the member eventually was housed by their local housing authority with additional support via funds for a housing deposit and a referral to the local furniture bank.

By addressing members' housing and nutrition needs, the Flexible Services program also impacts health care utilization and costs. MassHealth contracted with the UMass Chan Medical School to serve as an independent evaluator for its 1115 Demonstration, which included an analysis of the Flexible Services Program. Based on this analysis, UMass Chan published a study in April 2025 that focused specifically on ACO members receiving nutrition supports through the Flexible Services Program from January 1, 2020 to March 31, 2023[17]. When comparing recipients of Flexible Services nutrition supports vs. a comparison group, the study found:

- 23% reduction in hospitalizations
- 13% reduction in ED visits

[15] MassHealth defines Flexible Services in terms of member-quarters or number of quarters members have received services. A unique member that received services across 4 quarters would count towards 4 services provided.

[16] MassHealth defines Flexible Services in terms of member-quarters or number of quarters members have received services. A unique member that received services across 4 quarters would count towards 4 services provided.

[17] Hager K, Sabatino M, Williams J, et al. Medicaid nutrition supports associated with reductions in hospitalizations and ED visits in Massachusetts, 2020-23. Health Aff (Millwood). 2025;44(4):413-421. doi: 10.1377/hlthaff.2024.01409

- Non-significant change of -$712 per person (i.e., no difference between groups)

When looking specifically at members who received nutrition supports in 2020 to 2021, there were no changes in any healthcare utilization or costs. However, when looking at the time period from January 1, 2022 to March 31, 2023, the study found when comparing Flexible Services nutrition recipients vs. a comparison group:

- 47% fewer hospitalizations
- 21% fewer ED visits
- $1,721 per person reduction in healthcare costs

No changes were observed in any healthcare utilization of costs for children. Adult-focused analyses found similar results for the full study sample. Additionally, adults who received Flexible Services nutrition supports for more than 90 days had a $2,502 per person reduction in healthcare costs, resulting in net cost savings of $210 per adult member after accounting for state and ACO administrative costs, or a total of $1.8M in savings for this group.

Community Partners

Summary of CP Program Changes as of April 1, 2023

The CP Program provides enhanced care coordination to MassHealth members with complex needs who are enrolled in ACOs and MCOs. In 2023, the CP Program shifted to a new contracting structure utilizing a procured Qualified Vendor List (QVL) of 12 BH CPs and 8 LTSS CPs to provide CP Supports to enrollees. ACOs and MCOs utilized this QVL to contract with at least one BH and one LTSS CP in each of their Service Areas. Through this contracting structure, ACOs and MCOs are also responsible for making PMPM payments directly to the CPs.

The launch of the new CP Program on April 1, 2023 included several programmatic changes that better aligned requirements across BH and LTSS CPs. The new program also expanded on HRSN screening requirements for both BH and LTSS CPs, including the addition of an HRSN domain in the Comprehensive Assessment and expanding the definition of HRSN in the CP Program contract.

Additionally, the new CP Program required BH CPs to functionally integrate with the newly launched CBHCs in their Service Area(s). This requirement ensures that BH CPs either have a CBHC within their organizational structure or hold an agreement with the CBHC(s) within their contracted Service Area(s) to ensure continuity of care for enrollees receiving services at a CBHC. Included in this functional integration is the requirement that CPs accept program referrals from CBHCs, the inclusion of CBHC staff in an enrollee's Care Team, and the implementation of timely communication between CPs and CBHCs.

Summary of CP Progress April through December 2023

From April 1, 2023 through December 31, 2023, CPs served 63,589 unique members.[18] The initial CP Program ran from September 2018 to March 2023 and saw many positive trends in engagement and utilization measures, including reductions in ED and BH inpatient utilization rates for members with longer enrollment in the CP Program. From April through December 2023, CP enrollees continued to see

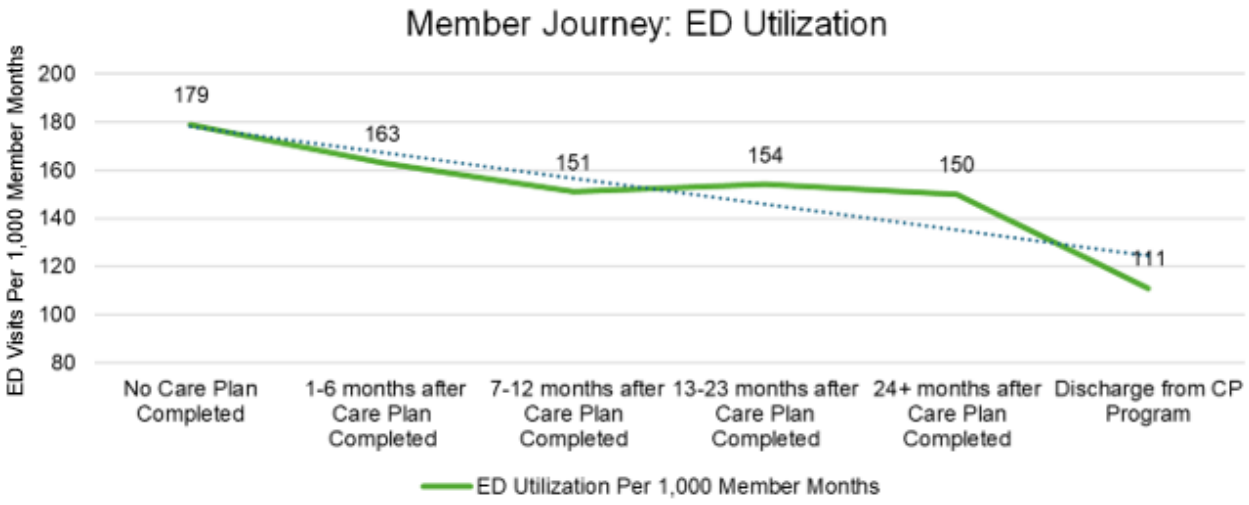
[18] Data source: CP Expected Payment File, payment months: April 2023 to December 2023.

positive trends in these areas, including a ~16% decrease in ED utilization (Graph 4)[19]and a 44% annual engagement rate[20] of actively enrolled members (Graph 5).[21]

There are some limitations to consider when interpreting these data. First, it is worth noting that the comparison of cohorts of enrollees does not control for clinical complexity; however, the pattern of reduced utilization among CP enrollees with longer program tenure has been consistently observed year over year. Additionally, the annual engagement rate of actively enrolled members appears low which may have resulted from the requirement that enrollees have a new Care Plan submission once the CP program launched on April 1, 2023; thus, some enrollees who had completed Care Plans prior to that date were not considered engaged for the purposes of this analysis. Moreover, the Continuity of Care period which was in place to ease the transition into the new program may have also affected this rate. That said, given that CP enrollees are some of the highest-risk, highest-utilizing and most difficult to reach MassHealth members, these are positive indicators of the impact of reaching and working with this population.

Overall Members with Longer CP Enrollment had lower ED utilization

Graph 4: Member Journey and ED Utilization[22]



CP Member Engagement Continued to Improve During 2023

Graph 5: CP Engagement Rates, April-December 2023[23]

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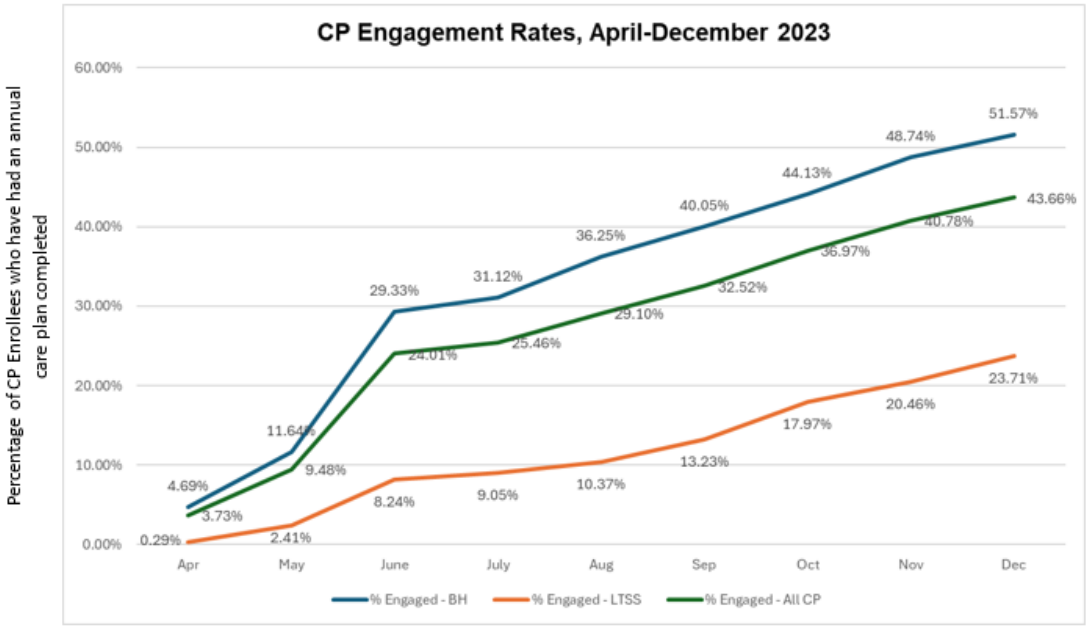
[19] Enrollees experience an 16% lower ED utilization from the period prior to a completed care plan through their enrollments in the CP Program for 24+ months once the Care Plan is complete. Members who have graduated from the CP Program continue to see a lower ED utilization rate even after exiting the Program.

[20] The CP engagement rate is defined as the percent of members enrolled in a CP at least one day in that month who had a Care Plan completed within the past 12 months.

[21] Note: All Mathematica Data includes the DMH non-ACO/MCO population

[22] Source: Mathematica, Data report: Member Journey ED Visits, June 2024. "No Completed Care Plan" means the member is enrolled in CP, but their first CP Program Care Plan has not yet been completed. The Care Plan is considered completed when its development is finalized and has been sent to the member's PCP.

[23] Source: Mathematica, Data report: Care Plan Rates, June 2024



CPs Increased Rates of HRSN Screenings Throughout 2023

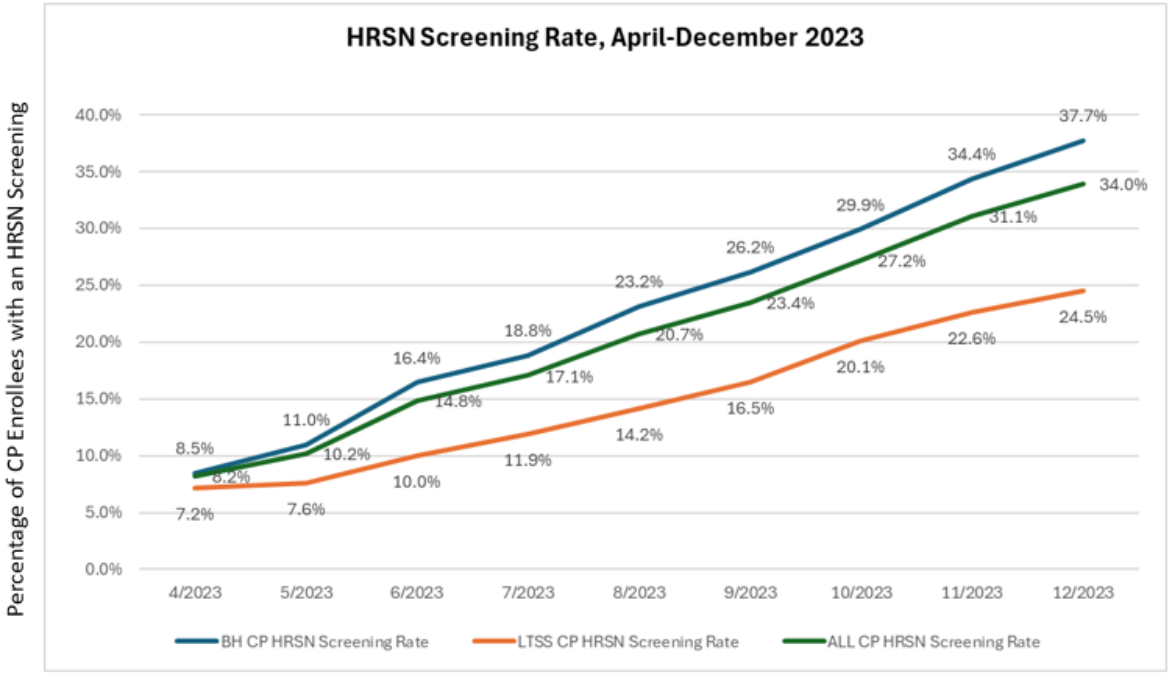
Beginning in April 2023, CPs had new requirements around HRSN screening including through the addition of an HRSN domain in the Comprehensive Assessment and the expansion of the definition of HRSN in the CP Program contract.

In the new CP Program contract, HRSNs are defined as: "lack of access to basic resources such as stable housing; an environment free of life-threatening toxins; healthy food; utilities including heating and internet access; transportation; physical and mental health care; safety from violence; education and employment; and social connection."

Following the expansion of the HRSN screening requirements, CPs increased the HRSN screening rate by ~300% from April 1, 2023 to December 31, 2023 (Graph 6).

Graph 6: HRSN Screening Rates, April-December 2023[24]

[24] Source: Mathematica, Data repot: HRSN Screening Rates, June 2024



Quality and Member Experience Data: Updates and Trends

Quality

Overview of 2023 ACO and CP Quality Data and Performance

Quality Incentive Programs remain an important component of ACO and CP contracts for 2023. Compared to quality within the DSRIP Waiver (2017-2022), the State reduced the overall number of "home grown" (i.e., EOHHS developed) quality measures, relying mainly upon NCQA and other national stewards to assess quality performance. The advantage of this adjustment is alignment with validated updates to measure specifications as well as access to national benchmarking data to help inform ACO/CP performance expectations.

The ACO Performance slate for 2023 consists of six measures in pay-for-performance (P4P) status and ten measures in reporting-only status. The CP Performance slate for 2023 consists of seven measures in P4P status for BH CPs (three reporting-only) and five measures in P4P status for LTSS CPs (two reporting-only). To align with the contractual start date of the ACO and CP Programs, the 2023 measurement period began April 1, 2023 (as opposed to January 1, 2023), and concluded December 31, 2023. The specification for each individual measure defines the extent to which claims or medical record data, predating April 1, 2023, may be used to inform performance for ACOs and CPs.

As shown in Table 3, overall ACOs performed well in 2023 across all measures in P4P status. Several of these measures (i.e., three measures related to follow up after an ED visit or hospitalization for mental illness or substance use disorder) require high levels of care coordination services among discharging hospitals and ambulatory settings including both primary care and behavioral health. With the majority of ACOs performing above Attainment Threshold, measure results suggest a high degree of behavioral health coordination among ACO providers within the first year of the current demonstration.

Table 3: ACO Clinical Quality Performance

Measure	Attainment Threshold	ACOs Meeting Attainment	ACO Median	Domain
Prenatal Care (PPC-Pre)	77.00%	17/17	93.37%	Prevention & Wellness/Care Integration
Postpartum Care (PPC-Post)	78.00%	17/17	86.96%	Prevention & Wellness/Care Integration
Depression Screen (CDF)	29.00%	15/17	48.20%	Prevention & Wellness/Care Integration
Follow Up after ED Visit for Mental Illness (FUM)	63.00%	16/17	70.71%	Prevention & Wellness/Care Integration
Follow Up after ED Visit for Alcohol/Other Drug (FUA)	19.00%	17/17	37.44%	Prevention & Wellness/Care Integration
Follow Up after Hospitalization for Mental Illness (FUH)	39.00%	16/17	46.67%	Prevention & Wellness/Care Integration

As shown in Table 4, overall CPs performed well in 2023 across all measures in P4P status. Similar to ACOs, CPs demonstrated high performance on "follow up" measures, whereby CPs contributed to the appropriate post ED and discharge services needed by their members. Further, results on measures related to primary care medical and oral health services suggest CP influence on member access to these vital preventative care visits.

Table 4: CP Clinical Quality Performance

Measure	Attainment Threshold	BH CPs Meeting Attainment	BH CP Median
Follow-Up After Acute Stay	6.70%	10/12	12.70%
Follow-Up after ED Visit for Mental Illness (FUM)	13.50%	10/12	40.70%
Annual Primary Care Visit	50.20%	10/12	62.80%
Follow-Up after Hospitalization (FUH)	45.70%	8/11*	50.50%
Diabetes Screening: members with schizophrenia or bipolar (SSD)	82.70%	9/12	84.60%
Antidepressant Medication Management	43.80%	1/1*	50.98%
Measure	Attainment Threshold	LTSS CPs Meeting Attainment	LTSS CP Median

Follow-Up After Acute Stay	5.80%	7/8	11.17%
Annual Primary Care Visit	54.80%	8/8	72.27%
Oral Health Evaluation	52.3%	8/8	63.91%
All Cause ED Visit (lower is better)	65.00%	7/8	50.68%

*Measure where not all CPs met minimum denominator threshold (i.e., 30 or more members per measure) in order to calculate a valid rate. For example, only 1 CP met the minimum denominator in which to calculate the Antidepressant Medication Management measure in 2023.

Member Experience

Additionally, ACOs are accountable for performance on two member experience measures: 1) Overall care delivery; and 2) Integration/coordination of care. These measures are based on results from a subset of questions in the primary care survey, based on a nationally validated tool. As shown in Table 5, ACO members in 2023 expressed strong levels of satisfaction with their providers, and the need for increased coordination managing BH and other specialists and services.

Table 5: ACO Member Experience Performance

Measure	Attainment Threshold	ACOs Meeting Attainment	ACO Median	Domain
Willingness to Recommend – Adult	75.00%	17/17	87.97%	Overall Rating and Care Delivery
Willingness to Recommend – Child	75.00%	17/17	91.31%	Overall Rating and Care Delivery
Communications – Adult	75.00%	17/17	93.08%	Overall Rating and Care Delivery
Communications – Child	75.00%	17/17	100.00%	Overall Rating and Care Delivery
Integration of Care – Adult	70.00%	17/17	84.26%	Person Centered Integrative Care
Integration of Care – Child	75.00%	17/17	84.64%	Person Centered Integrative Care
Knowledge of Patient – Adult	70.00%	17/17	86.77%	Person Centered Integrative Care
Knowledge of Patient – Child	75.00%	17/17	89.37%	Person Centered Integrative Care

CPs are also accountable for member experience measures inclusive of composites related to engagement between member and care team. These measures are based on results from a subset of questions specifically developed and validated for use with the CP population. As shown in Table 6, CP members in 2023 expressed moderate to strong levels of satisfaction care team engagement.

Table 6: CP Member Experience Performance

Measure	Attainment Threshold	BH CPs Meeting Attainment	BH CP Median
Care Team Engagement – Adult	60.00%	10/10*	66.25%
Member Engagement with Care Team - Adult	64.00%	8/8*	75.81%
Measure	**Attainment Threshold**	**LTSS CPs Meeting Attainment**	**LTSS CP Median**
Care Team Engagement – Adult	64.80%	2/4*	64.04%
Member Engagement with Care Team - Adult	65.00%	2/2*	74.80%

***** Measure where not all CPs met minimum denominator threshold (i.e., 30 or more members per measure) in which to calculate a valid rate.

Overall Quality Performance by ACO and CP

The Overall Quality Performance results for ACOs (highlighted within Table 7) are the sum of three weighted domains spanning the entire quality performance slate for performance year (PY) 2023. Given it was first year (i.e., baseline) of the newly launched ACOs and CPs e, performance year 2023 was not subject to the addition of yearly improvement points. Improvement points, where applicable, will be added to ACO Overall Quality Performance Scores beginning in 2024.

Table 7: Overall Clinical Quality and Member Experience Performance by ACO (PY2023)

ACO	Prevention & Wellness / Care Integration (0-85 scale)	Overall Rating and Care Delivery (0-7.5 scale)	Person Centered Integrative Care (0-7.5 scale)	Overall Quality Score (0-100 scale)
Berkshire Fallon Health Collaborative	58.44	6.96	7.06	72.46
Fallon Health – Atrius Health Care Collaborative	40.91	7.18	6.93	55.02
Fallon 365 Care	54.97	7.36	7.17	69.50
BeHealthy Partnership Plan	50.51	6.42	5.40	62.33
Tufts Health Together with UMass Memorial Health	60.40	6.84	6.43	73.66
Tufts Health Together with Cambridge Health Alliance (CHA)	63.61	6.72	5.87	76.20
WellSense Community Alliance	66.40	7.09	6.49	79.98
WellSense with Boston Children's ACO	78.40	7.50	6.98	92.88
WellSense Beth Israel Lahey Health (BILH) Performance Network ACO	56.42	7.02	6.65	70.10

WellSense Care Alliance	50.11	6.75	6.43	63.28
East Boston Neighborhood Health Wellsense Alliance	73.93	6.88	6.42	87.24
WellSense Mercy Alliance	66.39	5.65	5.52	77.55
WellSense Southcoast Alliance	70.32	7.20	7.50	85.02
WellSense Signature Alliance	85.00	6.40	5.59	97.00
Mass General Brigham Health Plan with Mass General Brigham ACO	71.96	7.09	6.83	85.88
Steward Health Choice	62.41	7.11	6.65	76.17
Community Care Cooperative (C3)	60.49	6.59	5.53	72.61
ACO Median	**60.49**	**6.88**	**6.43**	**73.66**

The Overall Quality Performance results for CPs (highlighted within Table 8) represent a more limited number of quality measures and are not separated into weighted domains. The smaller available number of measures which apply to a smaller number of Community Partner populations may result in more variability across CP scores. This can be seen most notably in the distribution of LTSS CP scores. Similar to the ACO Program, performance year 2023 was not subject to the addition of yearly improvement points. Improvement points, where applicable, will be added to CP Overall Quality Performance Scores beginning in 2024.

Table 8: Overall Quality Performance by CP (PY2023)

BH CP	Overall Quality Score (0-100 scale)	LTSS CP	Overall Quality Score (0-100 scale)
Boston Coordinated Care Hub	58.27%	North Region LTSS Partnership	70.22%
Brien Center CP Program	59.22%	Central Community Health Partnership	72.38%
Eliot Community Services, Inc.	56.34%	Family Service Association	94.23%
Behavioral Health Network, Inc.	41.77%	Massachusetts Care Coordination Network	73.99%
Clinical And Support Options, Inc.	17.28%	Boston Allied Partners	24.99%
Sstar Care Community Health Center, Inc.	54.24%	Innovative Care Partners, LLC	70.29%
Community Counseling of Bristol County, Inc.	81.02%	Community Care Partners, LLC	47.98%
Riverside Community Care	74.29%	Behavioral Health Network - LTSS	47.52%
Central Community Health Partnership	37.13%		
Innovative Care Partners, LLC	77.22%		
Community Care Partners, LLC	49.24%		

Behavioral Health Partners of MetroWest, LLC	54.99%		
BH CP Median	**55.66%**	**LTSS CP Median**	**70.26%**

ACO Patient Safety

ACPPs and MCOs report two types of patient safety-related events on an annual basis including: 1) Serious Reportable Events (SREs), and 2) Provider Preventable Conditions (PPCs). SREs occur in hospital or hospital-licensed ambulatory surgical center (ASC) facilities that result in an adverse patient outcome that has been identified as usually or reasonably preventable, and of a nature such that the risk of occurrence is significantly influenced by the policies and procedures of the hospital or ASC. PPCs are a Health Care Acquired Condition or an Other Provider Preventable Condition as defined by CMS regulations and MassHealth policy. For both types, the rate per 1,000 members decreased in 2023 (see Table 9). The occurrence of SRE and PPC events is relatively rare and the numbers remain small (e.g., <10 per ACO/MCO) in 2023. Please note, however, that 2023 is a partial year of data (April – December).

Table 9: ACO SREs and PCCs

Event	Metric	Plan Type	Year 6 (April-Dec 2023)	Year 5 (2022)	Year 4 (2021)	Year 3 (2020)	Year 2 (2019)	Year 1 (Mar-Dec. 2018)	Prior MCO
SREs	Range per plan	ACPP	0 to 11	0 to 12	0 to 13	0 to 13	0 to 14	0 to 9	
SREs	Range per plan	MCO	3 to 7	2 to 13	3 to 35	7 to 19	4 to 21	3 to 36	0 to 17
SREs	Rate per 1000 members	Combined	0.04	0.06	0.08	0.11	0.12	0.09	
PPCs	Range per plan	ACPP	0 to 17	0 to 20	0 to 25	0 to 29	0 to 17	0 to 10	
PPCs	Range per plan	MCO	2 to 17	2 to 40	3 to 40	7 to 51	1 to 19	3 to 62	0 to 23
PPCs	Rate per 1000 members	Combined	0.07	0.08	0.10	0.21	0.09	0.13	

Health Data for Access and Improvement

A key goal in this demonstration period is to improve quality of care, with a focus on initiatives addressing HRSN and health disparities demonstrated by variation in quality performance. To support the achievement of this goal, MassHealth implemented aligned quality and equity initiatives across delivery system settings including but not limited to MassHealth's ACOs and MCOs. Specifically, ACOs are accountable to make measurable progress across three targeted domains as reflected in Table 10.

Table 10. Overview of Targeted Domains for Improvement for the AQEIP/MQEIP

Domain	Goal
Demographic and HRSN Data Collection	ACOs and MCOs are assessed on completeness of member reported demographic and HRSN data submitted in accordance with the commonwealth's data requirements. Demographic and HRSN data include at least the following categories: race, ethnicity, preferred written and preferred spoken language, disability status, sexual orientation, gender identity (RELDSOGI), and HRSN.
Equitable Quality and Access	ACOs and MCOs are assessed on performance and demonstrated improvements on access and quality metrics, including associated reductions in disparities. Metrics focus on overall access; access for individuals with disabilities and/or non-English language preferences; preventive, perinatal, and pediatric care services; care for chronic diseases and behavioral health; and care coordination.
Capacity and Collaboration	ACOs and MCOs are assessed on improvements in metrics such as provider and workforce capacity and collaboration within health system providers (e.g. clinical partners) to improve quality and reduce health care disparities.

Cost Data: Update and Trends

Overview of 2023 Q2-Q4 Cost Data and ACO Financial Performance

In 2023, the ACO program accounted for $6.4B[25] of MassHealth spending, with an average annual total cost of medical services per member of ~$6,588. By comparison, in 2022, the ACO program accounted for $6.9B of MassHealth spending, with an average annual total cost of medical services per member of $5,800 (Table 11).

Overall spend decreased due to reductions in MassHealth caseload from restarting redeterminations following the end of the PHE, while per member spend increased due to higher acuity of remaining caseload (Table 11). ACO medical spend per member increased on average by approximately 14% from 2022 to 2023. Per member spend increased across all age groups, with a 9% increase in the adult population and a 14-20% increase in the child population increased (Table 12).

ACO Financial Performance

ACO financial performance is calculated based on profits or losses relative to their revenue or benchmarks. This varies based on the ACO model:

- ACPPs: ACPPs receive monthly payments, per member, from MassHealth to cover their members medical expenses. If ACO's can manage their members' healthcare expenses to be lower than the revenue they receive from MassHealth, they hold profits; if their members' healthcare expenses are higher than their revenue, they experience losses.

[25] April – December 2023 medical expenditures; includes all medical covered services (incl. maternity supplemental and HCD), and excludes ABA, CBHI, and HCV. Excludes MCO-Administered ACOs. Total spend and PMPY figures are not directly comparable to estimates in previous annual reports

- PCACOs: PCACOs are held to a benchmark of the expected cost for their members' medical expenses. If the ACO can manage their members' healthcare to be less expensive than their benchmark which they receive from MassHealth, they hold profits; if their members' healthcare expenses are higher than the benchmark, they experience losses.

In 2023, most ACOs were in profits with the overall market showing 1.2% profits. (Table 13, Graph 7). At the individual ACO level, there was wide variation in profits and losses, with larger variation amongst ACPPs. Among the 15 ACPPs, profit/loss performance varied by up to ~10 percentage points. Among the 2 PCACOs, performance varied by up to ~1 percentage points across PCACOs.

Category of Service Spend

From 2022 to 2023, most service categories increased in average per member per year (PMPY) spend (Table 14). Spend increased 13% across all service categories. Inpatient and outpatient BH services had the largest increases year-over-year, at 33% and 29%, respectively. Professional services spending declined, while outpatient hospital spending increased by only 1% and pharmacy spend by 6%. However, these trends are understated due to the launch of the primary care sub-capitation program in 2023. In 2022, before the implementation of the program, primary care spending was captured under professional services and outpatient hospital categories. Beginning in 2023, primary care spending is reported separately under the primary care sub-capitation service line.

Continuation of New Pricing Policies: Market Adjustment

In 2021, MassHealth implemented new pricing policies to adjust for changes that impacted the market as a whole. Through these changes, MassHealth ensures that actual funding (i.e., the revenue / benchmark) is adjusted to meet actual costs for the ACO/MCO program overall while continuing to incentivize individual ACOs to perform better than the market. The main changes included:

- Retrospectively adjusting for the acuity of an ACO's population. This allows an ACO's revenue / benchmark to change based on changes in their population during the year. That means if a ACO's overall membership is sicker than originally predicted, its revenue / benchmark increases; if the ACO's overall membership is healthier than expected, its revenue / benchmark decreases.
- Shielding plans from market-wide fluctuations outside plan control (for example, pandemic-related utilization changes, market-wide changes in member population and acuity). MassHealth achieves this through risk-sharing arrangements that help insulate the market from significant gains or losses. When the overall market experiences substantial losses, MassHealth makes payments to all plans to cover a portion of those losses. Conversely, when the market experiences substantial profits, ACOs make payments to MassHealth to return a portion of those market-wide savings.

Total Cost of Care: Comparison Across 2022 & 2023

Table 11: Overall Trend[26]

	2022	2023
Total spent on covered services for ACO members	~$6.9B	~$6.4B

[26] April – December 2023 medical expenditures from the CPD (Refreshed 7/13/25); includes all medical covered services (incl. maternity supplemental and HCD), and excludes ABA, CBHI, and HCV. Excludes MCO-Administered ACOs. Total spend and PMPY figures are not directly comparable to estimates in previous annual reports.

Average PMPY spending	~$5,800	~6,600

Table 12: Trend by Population Type[27]

	2022	2022	2023	2023	2023 vs 2022 % Change	2023 vs 2022 % Change
Average PMPY	With disabilities	Without disabilities	With disabilities	Without disabilities	With disabilities	Without disabilities
Adults	~$21,900	~$6,500	~$23,800	~$7,100	9%	9%
Children	~$11,300	~$2,500	~$12,900	~$3,000	14%	20%

Financial Performance: Majority of ACOs Saw Financial Gains in 2023

Table 13: 2023 Q2-Q4 projected performance against capitation rates/benchmark[28]

	ACPP	PCACO
>2% gains	8	0
+/- 2% of breakeven	6	2
>2% losses	1	0
Total	15	2

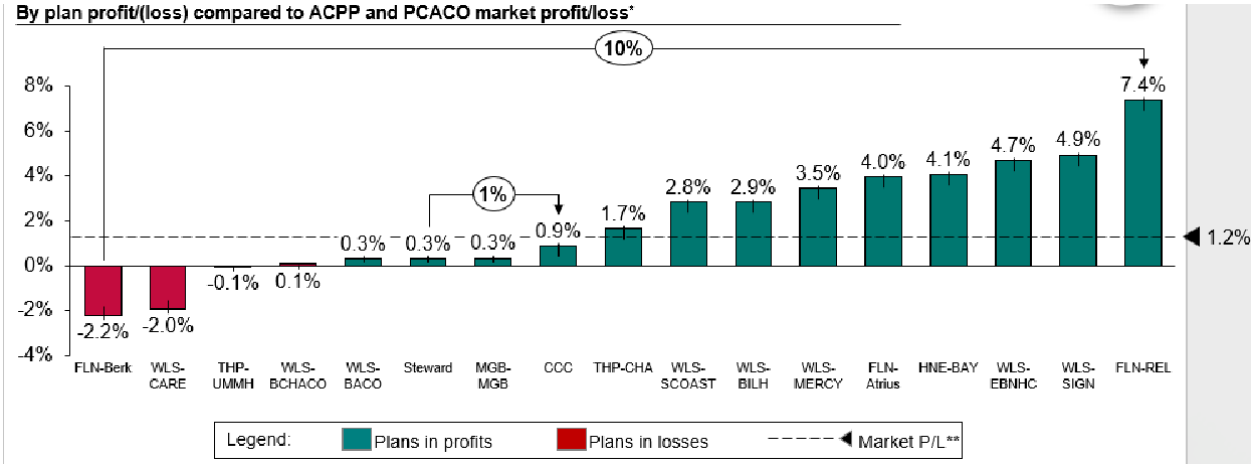
ACO Financial Performance Varied by Plan

Graph 7: By Plan Profit/(Loss) Compared to ACPP and PCACO Market Profit/Loss[29]

[27] Non-disabled adults include RC IA, RC IX, RC X; disabled adults include RC IIA; non-disabled children include RC IC; disabled children include RC II C

[28] April – December 2023 medical expenditures. ACPP and PCACO data sourced from the RY2023 Q2-Q4 refresh market corridor report which reflects concurrent risk scores and the market corridor adjustment. Figures subject to final reconciliation (including final concurrent risk scores and market corridor adjustments), all percentages presented are prior to risk-sharing. Excludes MCO-Administered ACOs.

[29] April – December 2023 core medical expenditures. ACPP and PCACO data sourced from the RY23 Q2-Q4 refresh market corridor report which reflects concurrent risk scores and the market corridor adjustments. Figures subject to final reconciliation (including final concurrent risk scores and market corridor adjustments), all percentages presented are prior to risk-sharing. Excludes MCO-Administered ACOs.



Total Cost of Care: Category of Service Breakdown 2022 vs. 2023

Table 14: Trend by category of service[30] (ACPP & PCACO combined)

Average PMPY	2022	2023	2022 vs. 2023 % change
Inpatient Hospital	980	1,062	8%
Outpatient Hospital	1,133	1,144	1%
Inpatient BH	219	292	33%
Outpatient BH	630	816	29%
Professional services	953	685	-28%
Primary Care Sub-Capitation	N/A	532	N/A
Pharmacy	1,657	1,758	6%
All other	263	298	13%
Total	5,835	6,588	13%

Conclusion

The first year of the 2022-2027 MassHealth 1115 Demonstration shows promising results and indicate progress in advancing Massachusetts' healthcare delivery system. ACOs overall performed well on cost, quality, and utilization measures. Additionally, ACO members had higher utilization of primary care services than non-ACO members. As MassHealth continues to build on these reforms, the focus remains on improving care integration, closing health disparities, and enhancing overall health outcomes for Massachusetts residents. The data and experiences from this first year will serve as a valuable baseline for measuring progress and guiding future improvements in the state's healthcare system.

[30] April – December 2023 medical expenditures from the CPD (Refreshed 7/13/25). Inpatient includes inpatient physical health maternity and non-maternity. Outpatient includes outpatient hospital, emergency room, and lab and radiology (facility). Pharmacy includes high-cost drugs and excludes HCV. All Other includes DME and supplies, emergency transportation, LTC, home health, and other medical services. Excludes MCO-Administered ACOs.