

Introduction

Despite its global reputation for excellence, Massachusetts' healthcare system is under severe strain. Prices are climbing faster than wages, transparency laws remain widely ignored, and hospitals wield unchecked power over patients, payers, and policymakers. The consequences are increasingly visible: healthcare costs now rank among the top three reasons families leave Massachusetts, according to Boston University research led by Professor Mark Williams. A system meant to heal has instead become a driver of economic flight. Federal and state regulators have failed to enforce price-transparency mandates, leaving consumers in the dark about costs that vary threefold for the same routine services. Meanwhile, the state's pandemic-era failures in long-term care and chronic mismanagement of public health have deepened public mistrust and exposed systemic inefficiencies.

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At the same time, Massachusetts' life sciences sector—once a model of how research and entrepreneurship can lift an entire economy—is being undermined by hostile federal policies and local complacency. Actions under both the Trump and Biden administrations, including efforts to impose international reference pricing and the Inflation Reduction Act's price controls, threaten investment in innovation and limit access to breakthrough therapies. While these policy changes were meant to make treatments more affordable, Pioneer's research indicates that they have increased out-of-pocket costs for patients. State leaders have offered no coherent plan to preserve Massachusetts' position as the world's leading center of medical discovery.

The solutions ahead chart a different course: enforce transparency to empower patients, rein in hospital market power, reform the 340B program and pharmacy benefit managers, refocus life sciences spending on workforce and training, and oppose federal price controls that punish innovation. Together, these steps would build a transparent, competitive, and patient-centered marketplace capable of sustaining both affordability and discovery.

Market Power & Transparency

Price Transparency to Protect Patients & Promote Competition

Despite pioneering state efforts (2012's Chapter 224) and federal mandates since 2020, Massachusetts providers—especially hospitals—continue to resist meaningful compliance with transparency laws. A 2019 Pioneer consumer survey found that although 70 percent of employers want price information beforehand, most consumers never even try to access it due to lack of awareness and guidance. This systemic failure was underscored in a 2022 Pioneer analysis finding “spotty compliance” with the federal transparency rule among Massachusetts hospitals. Without enforcement and consumer engagement, secret pricing persists—undermining competition and burdening families.¹

Recommendations

- *Form a Healthcare Transparency Task Force: Co-led by the Attorney General's Office, Health Policy Commission, and the Massachusetts Center for Health Information and Analysis (CHIA), this task force must monitor and enforce existing state and federal transparency laws, impose financial penalties on non-compliant providers, and advocate for stronger legislation or regulations.*

- *Empower Employers and Insurers as Partners: Conduct an outreach campaign to employers and insurers to raise awareness of cost-estimator tools, encourage proactive data usage, and provide incentives—such as rebates—for choosing high-value, lower-cost providers.*
- *Educate and Support Consumers: Launch state-sponsored consumer tools (web portals, mobile apps, hotlines) and mandate insurers to include price/quality information in their provider directories. Pair this with an ongoing media campaign to normalize “shopping” for healthcare.*

Curb Hospital Superpower & Unwarranted Price Disparities

Massachusetts’ largest teaching hospitals—like those under the Mass General Brigham and Beth Israel Lahey umbrellas—have expanded aggressively through mergers and acquisitions, giving them outsized market power. As a result, prices for routine services (MRIs, X-rays, ultrasounds, ECGs) vary two-to-threefold in the same region. These gross price disparities are not tied to outcomes and disproportionately burden those with high-deductible plans or less comprehensive coverage. State policymakers must act to restore competition and rein in unchecked hospital dominance.²

Recommendations

- *Commission independent research to analyze the correlation between hospital consolidation and price inflation in Massachusetts, quantifying its burden on patients and employers.*
- *Empower the Health Policy Commission and CHIA to review and, where necessary, block or condition hospital mergers, acquisitions, or service expansions based on data-driven criteria aimed at preventing anti-competitive outcomes.*
- *Simplify licensing and regulatory hurdles to lower barriers for urgent care centers, ambulatory surgical facilities, community hospitals, and other non-dominant providers, spurring market competition and reducing prices.*

Innovation & Transparency in the Life Sciences

Pioneer’s Life Sciences Initiative has a clear purpose: to protect and advance medical innovation while ensuring that patients have real access to affordable care.

Massachusetts stands at the forefront of global biotech and medical discovery, yet too often the benefits fail to reach the patients who need them most. Breakthroughs continue, but so do rising out-of-pocket costs, restricted access to medications, and a troubling lack of transparency in how healthcare dollars are spent. State programs originally designed to strengthen the life science sector have drifted from their mission, funding politically fashionable projects or corporate subsidies that are largely unrelated to patient outcomes. At the federal level, programs such as 340B—meant to help low-income patients afford drugs—are routinely exploited by large hospital systems with minimal accountability. Private intermediaries have entered the system with similarly misaligned incentives, widening the gap between innovation and patient benefit.

Nowhere is this clearer than in the rise of pharmacy benefit managers (PBMs). These middlemen distort prices, restrict access, and divert savings that should go to patients. PBMs rarely pass along discounts to patients, who end up paying more out of pocket. They profit from higher costs and opaque rebates. Massachusetts has an opportunity to lead again—not only in cutting-edge research, but in building a healthcare system rooted in transparency, accountability, and patient value. Reforming how we fund, regulate, and oversee the life science and pharmaceutical sectors is essential to ensure that innovation serves patients and vulnerable communities. The goal is a system where innovation and financial incentives drive better patient outcomes.

Reform Massachusetts Life Sciences Center Spending

The Massachusetts Life Sciences Center (MLSC) manages over a dozen programs with the objective of growing the Commonwealth's biotech and medical research sectors. Yet several of its current programs—such as taxpayer support for DEI consultants, venture capital-style equity investments, and clinical-stage R&D tax incentives—don't clearly align with the goal of boosting economic growth and may offer limited public returns. Meanwhile, workforce and K-12/college training initiatives remain strong generators of long-term value, producing skilled professionals who fuel the innovation economy. Adjusting MLSC's portfolio toward training programs will better serve both industry needs and taxpayer interests.³

Recommendation: *Scale back MLSC's spending by sunseting programs with limited economic return or questionable relevance to state priorities—such as clinical R&D grants, equity investment funds, and DEI-focused initiatives. Instead, preserve or expand support for workforce and education pipelines that match the needs of local employers and help Massachusetts students pursue careers in the life sciences. While Massachusetts has a robust R&D sector in life sciences, more could be done to expand manufacturing.*

Require Transparency from Massachusetts' 340B Hospitals

The federal 340B program was designed to provide deep drug discounts to hospitals and clinics serving vulnerable populations. In Massachusetts, however, many hospitals are exploiting the program for profit while drifting away from its core mission. Under 340B, hospitals can purchase medicines at steep discounts and then resell them to insurers at full price. This ability to "arbitrage" the discounts has shifted the program's focus away from low-income patients and increasingly toward serving well-insured and wealthier populations. Pioneer's research shows that many hospitals operate "contract" pharmacies located in upper-income areas.

Although 340B generates a generous revenue stream for hospitals, there is no transparency on how much revenue is generated or how it is spent. Many of the state's 26 participating hospitals—eligible for the program specifically because they are meant to serve low-income patients—provide charity care at levels well below the national average. Pioneer Institute data reveal that in 2022, 18 of 29 hospital systems underperformed the national charity-care average of 2.28 percent of operating expenses, reporting just 0.95 percent, even as 340B profits surged.

Without mandatory transparency, patients and policymakers cannot know whether 340B savings are being reinvested to reduce out-of-pocket costs or expand access. A recent Massachusetts bill (H.L.1216) proposed limited reporting, but the state needs a comprehensive system that tracks every dollar of 340B savings from acquisition to patient benefit.⁴

Recommendation: *Require all 340B hospitals in Massachusetts to annually disclose 340B revenue and expenditures to the Department of Revenue. All revenue should be held in separately auditable accounts. Massachusetts should follow Indiana's lead (SB 118, 2024) and require aggregated, public reporting to ensure that the program's benefits are reaching vulnerable patients.*

Improve Access to Cancer Care in Massachusetts' 340B Hospitals

In addition to 340B hospitals offering little charity care, national cancer patient advocates are now raising alarms about access in Massachusetts, noting that several hospitals offering oncology services reportedly refuse to accept Medicaid. Together, these practices undermine the 340B program's mission and create serious barriers for low-income