

Digital Health Sandbox Challenge #5

Access & Affordability

The Massachusetts eHealth Institute (MeHI) is seeking startups and entrepreneurs who are developing and validating digital health-based solutions to compete in the fifth annual [Massachusetts Digital Health Sandbox Challenge](#), focused this year on Health Care Access & Affordability. Challenge finalists will compete for \$1,100,000 in grant funding to support validation projects with [MeHI's Digital Health Sandboxes](#).

Health care is one of the largest and fastest growing expenses for households, employers, and governments. In Massachusetts, commercial insurance premiums are projected to increase by an average of approximately 11.5 percent in 2026, while rising health care costs continue to place increasing pressure on families, employers, providers, and state government. Affordability challenges have been further compounded by recent federal actions, including the expiration of enhanced health insurance subsidies and reductions in federal funding supporting Medicaid and Health Connector populations, shifting an even greater share of health care costs onto Massachusetts residents. Without meaningful intervention, these trends threaten long-term affordability and sustainability of the state's health care system.¹

The impact of these trends extends across every sector of the health care system. Between FY22 and FY25, spending for MassHealth, the Massachusetts Medicaid program, increased by \$2.3 billion, with prescription drugs, behavioral health services, and long-term care services representing the largest drivers of spending growth. If left unaddressed, current spending trends could result in MassHealth consuming nearly half of all state spending within the next decade, placing significant pressure on investments in education, transportation, housing, and other essential public services.¹

In 2023, total health care expenditures in Massachusetts increased 8.6%, more than double the Commonwealth's health care cost growth benchmark of 3.6%, bringing average annual health care spending to more than \$11,000 per resident.² The impact of these rising costs is being felt across the Commonwealth. The average annual cost of health care for a Massachusetts family now exceeds \$29,000, while commercial health insurance premiums continue to rank among the highest in the nation.³ As health care costs increasingly strain household budgets, more residents are delaying or forgoing needed care because of affordability concerns. At the same time, providers continue to face growing administrative complexity, workforce shortages, and increasing demand for services, creating additional barriers to timely, coordinated, and affordable care.

¹ https://budget.digital.mass.gov/govbudget/fy27/budbriefpdf/bb10_fy27_health_care_insurance.pdf

² <https://masshpc.gov/news/press-release/health-care-spending-grew-faster-inflation-labor-costs-and-income-exacerbating>

³ <https://masshpc.gov/news/press-release/hpc-focuses-new-slate-recommendations-market-oversight-and-stability-post>

As a response, Governor Maura Healey and Lieutenant Governor Kim Driscoll convened the Health Care Affordability Working Group to identify actionable strategies that reduce unnecessary health care costs, improve system efficiency and ensure Massachusetts residents continue to have access to affordable, high-quality care. The Working Group is charged with developing recommendations that address administrative complexity, pricing, and other systemic cost drivers while protecting access and quality. On August 3, 2026, Governor Healey announced the Working Group's [first set of recommendations](#), which include a focus on harnessing technology, including strengthening health information data exchange and safely piloting artificial intelligence tools to improve care coordination and reduce administrative costs. Building off these recommendations, this year's Digital Health Sandbox Challenge will prioritize solutions that support innovative health care models, strengthen data exchange by leveraging existing health information exchange infrastructure and safely apply AI to create efficiencies across the health care system.⁴ MeHI's Access & Affordability Sandbox Challenge supports the goals of the Health Care Affordability Working Group but is separate from any current or future procurements released by the Commonwealth of Massachusetts related to the recommendations of the Working Group.

Additionally, this year's Challenge will include a focus on rural patient populations, in line with the State's participation in the [Centers for Medicare & Medicaid Services \(CMS\) Rural Health Transformation Program \(RHTP\)](#), which provides states with resources to strengthen rural health systems through innovative care delivery models and technology-enabled solutions. As Challenge finalists are identified, MeHI will determine which companies are best suited to advance through the Rural Health focus or the general Sandbox Challenge based on the fit of their solution with rural health care priorities. At the end of the program, two companies and their Sandbox partners in the Rural Health track will each receive an award of \$400,000 to pilot and evaluate their technologies in partnership with eligible rural health care organizations participating in the Rural Health Transformation Program. These awards are intended to accelerate the deployment of scalable digital health solutions that improve care delivery and support rural providers. Additionally, two companies and their sandbox partners in the Sandbox Challenge track will each receive an award of \$150,000 to conduct a testing and validation project aimed at accelerating the growth of their company.



The Massachusetts eHealth Institute is committed to supporting the efforts of the state's Health Care Affordability Working Group by accelerating innovative digital health technologies that improve

⁴ <https://www.mass.gov/news/governor-healey-announces-health-care-affordability-working-group-recommendations-to-lower-health-care-costs>

health care affordability, strengthen access to care, reduce administrative burden, and create a more efficient and sustainable health care system. Through the Digital Health Sandbox Challenge, MeHI seeks to identify and support promising digital health companies whose solutions align with these goals.

Program Overview

The [Massachusetts Digital Health Sandbox Challenge Program](#) is designed to accelerate the development of digital health solutions that address key health care challenges in Massachusetts. The program is funded and administered by the [Massachusetts eHealth Institute \(MeHI\)](#) at the [Massachusetts Technology Collaborative](#). This year, funding for the Challenge also comes from the Centers for Medicare & Medicaid Services (CMS) Rural Health Transformation Program (RHTP). Through partnerships with organizations in [the Massachusetts Digital Health Sandbox Network](#), startups gain access to clinical expertise and research capabilities, health care providers, patients, and real-world testing environments that help generate the evidence needed for successful market adoption.

MeHI puts out an annual call for applications to source, support, and validate solutions in defined areas. The first four challenges were [Innovations to Support Healthy Aging](#), [Innovations to Support Women+ Health](#), [Innovations to Support Advancing Health Equity in Massachusetts](#), and [Innovations to Support Primary Care](#). Through these challenges, 32 companies from across the nation were provided with access to cutting-edge research institutions, industry leaders, and funding opportunities.

Applicants from across the country can apply for the Access and Affordability Challenge. MeHI staff will evaluate applicants and select up to 20 companies as semi-finalists. Applications will be reviewed on the proposed solution's uniqueness in the market, potential commercial viability, and ability to support the goals of the Access and Affordability Challenge. Semi-finalist companies will be asked to complete a Sandbox Matchmaking Survey to be shared with the organizations in MeHI's Sandbox Network. MeHI will match the semi-finalists with sandboxes to identify potential partners. Sandboxes and semi-finalists will meet during the month of February 2027 to discuss potential projects and identify research partners. After the meetings, the sandboxes will inform MeHI of which companies they could partner with for the program. MeHI will then select 8 to 10 companies to participate in the program. Each selected company will be matched with one sandbox. Up to five companies will be invited to participate in the Rural Health track of the program, and up to five companies will be invited to participate in the General Sandbox track.

All of the selected companies will participate in MeHI's Mass Digital Health Connects, a two-month series of informative and interactive virtual workshops featuring prominent voices from across the ecosystem, including venture capitalists, state and federal policymakers, and leading researchers. Workshops include topics like secure clinical data exchange, mitigating bias and responsibly adopting AI, raising funding, working with public and private payers, navigating health systems, and an introduction to ecosystem partners. Learn more about Mass Digital Health Connects [here](#).

During this program, participants will also work with their sandbox matches to scope projects to test and validate their solutions to help bring them to market faster. MeHI will support participants in preparing detailed project plans outlining how the award funding would be used to complete the scoped sandbox project. Companies participating in the Rural Health track will scope projects valued at \$400,000 each, and companies participating in the General Sandbox track will scope projects valued at \$150,000 each.

The program will culminate in an in-person, judged competition in June 2027 where participants will pitch both their product and their proposed sandbox project. Expert judges will recommend four winners to MeHI: two in the Rural Health track and two in the General Sandbox track. Each winner's sandbox project will be completed by their sandbox partner with input and participation from the company. Projects for the Rural Health track will be awarded \$400,000 each and projects for the General Sandbox track will be awarded \$150,000 each. The funding for each project will be paid directly to the Sandbox and **must be used to cover the Sandbox partner's fees**. This level of funding can typically cover user experience testing, access to cutting-edge lab facilities and subject matter experts, or a small unpaid pilot in a health care setting. **No funding will be provided directly to the winners.**

Winning companies will also have the opportunity to participate in the [Sandbox Mentorship Program](#). The MeHI Sandbox Mentorship Program provides founders with access to strategic guidance, healthcare expertise and real-world implementation insights as they pilot and scale innovative solutions across Massachusetts. Startups entering MeHI sandbox programs are matched with a small team of mentors who provide guidance throughout the implementation of their sandbox projects.

Challenge Areas and Solutions Sought

The following priority areas are informed by the recommendations of the Healey-Driscoll Health Care Affordability Working Group and reflect opportunities where MeHI believes digital health innovation can help improve health care affordability, access, and efficiency across the Commonwealth. This is not an exhaustive list, and applicants with innovative solutions that advance these goals are encouraged to apply.

All applicants should consider how their solution can improve affordability and access while supporting the unique needs of underserved populations, including rural communities, Medicaid populations, older adults, and individuals facing geographic, cultural, language, accessibility, broadband access, or digital literacy barriers. All AI-enabled solutions must demonstrate a responsible and safe use of AI in health care, including incorporating appropriate protective measures for patient privacy and transparency.

1. Supporting Innovative Health Care Models

- a. Solutions that enable care to be delivered in more appropriate, accessible, or lower-cost settings, including home and community-based care, virtual care, and other alternative care models.

- b. Digital tools that strengthen care coordination and help patients navigate providers, services, benefits, and other resources.
- c. Solutions that support the prevention and management of chronic conditions and reduce avoidable utilization of higher-cost health care services.
- d. Technologies that expand access to services experiencing significant cost or capacity pressures, including behavioral health and long-term services and supports.

Strengthening Health Information Exchange and Data Sharing

- e. Solutions that leverage existing health information exchange infrastructure to improve the secure exchange of actionable health information across providers and care settings.
- f. Technologies that improve interoperability and enable providers to access timely, relevant patient information.
- g. Tools that improve communication and coordination between health systems, providers, payers, community-based organizations, and other organizations involved in patient care.

2. Safely Applying Artificial Intelligence to Create Health Care System Efficiencies

- a. AI-enabled solutions that automate or streamline administrative processes that may be repetitive, time-consuming, and cost driving.
- b. AI tools that improve care coordination, workflow efficiency, resource allocation, and other operations.

Benefits to Participants

While only the top four solutions in this Challenge will receive grant funding to complete their sandbox projects, all participants will benefit from the program. Benefits include:

- Connect with key partners in the Massachusetts digital health ecosystem through the Mass Digital Health Connects Speaker Series:
 - Understand the digital health funding landscape in MA
 - Learn about and connect with leaders in related, key industries in MA
 - Hear from experts about how to navigate and work with health systems and payers.
 - Gain an understanding of other programs and resources in MA that are aimed at supporting digital health startups
- Accelerate time for R&D to production
 - Benefit from cohort learning
 - Work with experts to assess your testing needs
 - Meet with sandboxes to understand the research and testing opportunities
 - Partner with a sandbox to scope a detailed validation project
- Access strategic mentorship and health care expertise through the MeHI Sandbox Mentorship Program

- Be matched with a small team of mentors who provide strategic guidance throughout the implementation of the sandbox project
- Gain access to health care expertise and real-world implementation insights to support the validation and scaling of innovative solutions.
- Receive guidance and feedback as participants navigate key challenges associated with piloting and scaling within the MA health care ecosystem
- Gain funding Access
 - \$150,000 in funding for each of the top two companies in the General Sandbox track or
 - \$400,000 in funding for each of the top two companies in the Rural Health Sandbox track.
 - Receive pitch prep services to be better prepared for investor meetings.

Timeline

RFA Release: 10/15/2026

Information Session: 10/28/2026

Final Application deadline: 12/4/2026

Semi-Finalists selected: 1/5/2027

Finalists selected: 3/19/2027

Kickoff meeting: 4/16/2027

Virtual Speaker Series: Fridays in April and May 2027

Pitch Prep: April and May 2027

Final Pitch Event: Week of 6/7/2027

The kickoff meeting and speaker series will be virtual events hosted over Zoom. The final pitch event will be an in-person event in Massachusetts. All finalists must be prepared to attend the event in person. The date for the final event is subject to change.

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