HCFA
Health Care For All
MASSACHUSETTS

70 Franklin Street, Suite 500, Boston, MA 02110
Phone: 617.350.7279 HelpLine: 800.272.4232
hcfama.org

June 27, 2025

Commissioner Michael Caljouw
Massachusetts Division of Insurance
1 Federal Street
Suite 700
Boston, MA 02110

Deputy Commissioner Kevin Beagan
Massachusetts Division of Insurance
1 Federal Street
Suite 700
Boston, MA 02110

**Re: Division of Insurance Public Information Session - Merged Market Health Insurance Rates for CY2026**

Dear Commissioner Caljouw and Deputy Commissioner Beagan,

On behalf of Health Care For All (HCFA), thank you for the opportunity to provide public comments regarding the merged market CY2026 health insurance rates. HCFA is a consumer advocacy organization with a HelpLine that takes more than 25,000 calls a year. We hear every day from consumers who will be impacted by the proposed premium rate increases for the merged market. If approved, the proposed rates would, on average, increase premiums by 13.4%.[1] That is a staggering increase, especially considering it comes on top of an already enormous nearly 8% rate increase approved last year. This is unsustainable.

As the Division reviews the proposed increases, we urge you to consider both important actuarial and solvency-related questions, as well as whether the premiums are affordable for individuals, families, and small businesses in Massachusetts.

**Summary:**

There are two overarching points we want to share that provide context for HCFA's reflections and recommendations regarding proposed rate increases. First, the health care costs that are driving these premium increases will not be solved by the rate review process alone or by one industry alone. It will require changes that address not just insurance carriers, but rising prescription drug prices, as well as prices at the highest-cost hospitals and health systems. It will require all stakeholders to come together around reforms. Therefore, HCFA is actively

[1] "2026 Health Insurance Rates: Merged Market Proposed Rate Changes." *Mass.Gov*, Massachusetts Division of Insurance, 2025, http://www.mass.gov/info-details/2026-health-insurance-rates.

advocating for several proposals that would do just that, improving our benchmark process to make it more flexible and accountable, and bringing prescription drug costs fully into that system with an upper payment limit. We urge all interested parties to join HCFA in these efforts that are based on learning from our own experience in Massachusetts as well as best practices from other states.

Second, and most importantly for the rate review process, just because broader changes are needed to fully address the underlying drivers of health care costs doesn't mean the Division should approve the requested rates, which would leave many families, individuals, and small businesses unable to afford rising premiums. We believe there are important questions for insurance carriers to answer regarding their filings and room for additional cost savings. We urge the Division of Insurance (DOI) to seek further clarifications regarding the range of assumptions carriers make in their filings, and if warranted, to disapprove of rates unless they are appropriately modified.

**Stories:**

People call HCFA's HelpLine for guidance when making the difficult decision about what, or even if to take coverage based on what they can afford. With premiums rising quickly, people get desperate and try to find the cheapest plan possible, which can lead people to choose plans that don't cover all their needs, or even worse, enroll into scam insurance plans. In truth, many people we have heard from in this scenario are being helped right now by the ConnectorCare expansion pilot that is offering more affordable coverage to many in the community that we have heard from about health insurance premium costs. That is one of the reasons we think it is so important to continue that expansion moving forward. However, we still hear from people who are continuing to struggle with high and rising health insurance premiums. We want to share stories from three people we have heard from regarding the challenge of rising health insurance premiums.

The first is Jess, a private practice therapist from Bridgewater who primarily serves MassHealth patients. She was paying $900 a month for a plan she selected because it didn't have a deductible, and she has significant health care needs. However, the premium was set to go up to $1,200 a month for 2025 and add a $2,000 deductible. She switched to a cheaper plan which costs $750 a month with a $2,000 deductible, but that is still unaffordable for her. She is trying to take medication to prevent costly surgery, but it has been a struggle to get the medication covered at an affordable price.

The second story is from the owner of a restaurant in Everett, Wilton, who is paying $1,200 a month for his health insurance coverage. As he tries to manage his restaurant, this cost is a tremendous burden. He knows this cost is going to go up this coming year, and he doesn't know how he will continue to manage these insurance premium costs that seem to just keep rising.

The third story is of a 30-year-old resident of Jamaica Plain who has been experiencing hardship due to the rising cost of her health insurance premiums. She gets her coverage through one of her

employers, but the premium has become so expensive that it's difficult for her to afford insurance and rent. She's had to rely on mutual aid organizations to make these payments. Even though she works multiple jobs, she still finds herself having to choose between paying for health care and staying housed. As a person with disabilities, she needs regular medical care. She recently experienced a miscarriage and told us she had to stretch out the medication she was prescribed because she couldn't pay for it all at once.

It is easy to think about health insurance premiums in entirely actuarial terms, but they have a human impact on individuals and families across the Commonwealth who are trying to manage their family budgets, run businesses, or make the decision to start one. We hope you think about the technical questions regarding solvency, when deciding whether to approve premiums, but we also hope the DOI consider the real impact on Massachusetts residents that affects both the economy and individual budgets.

**Actuarial Analysis**

HCFA worked with an actuary to analyze the rates filed by carriers, and we want to highlight a few areas that we think warrant additional scrutiny by the DOI, featured below. First, there is significant variation in medical trend across the carriers' filings with Harvard Pilgrim Health Care showing the greatest increase. Total trend across the carriers with the most market share varies by as much as 50%. While a significant amount of this may be explainable by differences in the calculation of drug costs related to expensive GLP-1 medications, there is not enough information in the public filings to sufficiently understand the reasons for these differences.

Moreover, leaving pharmacy trends aside, medical trends also vary meaningfully from 7.6% to 10.7%. Notably, the medical trend for carriers with predominantly full-network plans is higher than those with predominantly narrower network plans. This suggests the highest cost providers may also be responsible for the biggest cost increases as well. The DOI may want to consider a consistent utilization percentage increase moving forward and require carriers to account for differences in unit cost or other metrics based on that starting point.

| Carrier | *Medical* | *Pharmacy* | Total | %Market |
|---|---|---|---|---|
| Harvard Pilgrim Health Care, Inc. | *10.7%* | *23.0%* | **14.8%** | *12.6%* |
| Tufts Health Public Plans, Inc. | *7.6%* | *24.2%* | **12.2%** | *25.9%* |
| Blue Cross and Blue Shield of Massachusetts HMO Blue, Inc. | *8.9%* | *11.9%* | **9.5%** | *23.1%* |
| Boston Medical Center Health Plan, Inc. | *7.9%* | *12.2%* | **9.4%** | *18.5%* |
| Mass General Brigham Health Plan, Inc. | *8.6%* | *12.6%* | **9.7%** | *9.9%* |
| *Other* | *7.1%* | *8.0%* | ***7.3%*** | *10.0%* |
| Average / Total | *8.4%* | *16.2%* | **10.7%** | |

*Source: Actuarial Analysis, Horman Mathematical and Actuarial Solutions, June 12, 2025.*

Second, there is also significant variation in the administrative cost rates across carriers, with no clear justification for these differences, shown in the table below. For example, the administrative rate for Blue Cross Blue Shield is significantly higher than other carriers at 9.6%. This high charge is despite the fact that they have the largest share of the market and should be able to garner the benefits of economies of scale to actually achieve a lower administrative cost rate. What is also concerning is that because they operate at a higher price point, the high administrative rate percentage is built on top of high per-member costs. That makes the per member administrative cost extremely high compared to other plans. As a result, Blue Cross Blue Shield has an administrative cost that is $50 per member higher than BMC's WellSense and $26 per member more than the average carrier in the market. We would like to better understand why that would be the case.

| Carrier | Administrative Charge | Taxes and Fees | Contribution to Surplus/Profit/Reserve | Total | Prem Rel | PMPM | PMPM Rem Connector Fee | Diff from Avg |
|---|---|---|---|---|---|---|---|---|
| Blue Cross and Blue Shield of Massachusetts HMO Blue, Inc. | 9.6% | 0.9% | 1.9% | 12.4% | $1,074.00 | $ 133.19 | $ 100.97 | $ 26.19 |
| Boston Medical Center Health Plan, Inc. | 6.5% | 3.8% | 1.9% | 12.2% | $ 611.00 | $ 74.38 | $ 56.05 | $ (18.73) |
| Harvard Pilgrim Health Care, Inc. | 9.3% | 1.0% | 1.9% | 12.2% | $ 902.00 | $ 109.86 | $ 82.80 | $ 8.02 |
| Mass General Brigham Health Plan, Inc. | 7.3% | 1.3% | 0.7% | 9.2% | $ 840.00 | $ 77.37 | $ 52.17 | $ (22.61) |
| Tufts Health Public Plans, Inc. | 8.0% | 2.5% | 1.9% | 12.4% | $ 689.00 | $ 85.54 | $ 64.87 | $ (9.90) |
| United Healthcare Insurance Company | 9.3% | 2.2% | 1.9% | 13.3% | $ 888.00 | $ 118.45 | $ 91.81 | $ 17.03 |
| *Straight Average* | | | | | | | $ 74.78 | $ - |

*Source: Actuarial Analysis, Horman Mathematical and Actuarial Solutions, June 12, 2025.*

We also question whether nearly every carrier needs to assume the same maximum 1.9% contribution to surplus. Given that we anticipate different carriers have different levels of risk-based capital reserves, we wonder if all carriers must make the maximum allowable contribution in a year when premiums are increasing at such an exceptional rate. There may be answers to these and the other questions we raise, but they have not been sufficiently answered in the public filings, and the proposed rates should not be approved without additional clarification and justification.

One final reflection we urge the Division to consider is how the relatively concentrated small group insurance market may be fueling some of the cost challenges we face. The small group market in Massachusetts is dominated by two main carriers.[2] When that is the case, it can limit the incentive of the dominant carriers to strive to achieve lower reimbursement rates from high-cost systems because the status quo allows them to maintain their market dominance.[3] The fact that these markets have remained relatively stable suggests this may be the case. There is little evidence of plans shaking up offerings based on different networks or attempts to garner more market share with lower premium rates, achieved by pushing back harder on requested

[2] "Individual/Small Group Health Insurance Membership Reports." *Mass.Gov*, Division of Insurance, 2025, http://www.mass.gov/info-details/individualsmall-group-membership.

[3] Dafny, Leemore, Mark Duggan, and Subramaniam Ramanarayanan. 2012. "Paying a Premium on Your Premium? Consolidation in the US Health Insurance Industry." *American Economic Review* 102 (2): 1161–85, https://www.aeaweb.org/articles?id=10.1257/aer.102.2.1161.

price increases in contract negotiations. One way the rate review process can be important is in combating this dynamic. If the DOI makes clear that rate increases of this level are unacceptable, it will send a clear message for contract negotiations moving forward.

Thank you again for the opportunity to provide written comments on this important matter. Please do not hesitate to reach out with any questions or for further discussion.

Sincerely,

Alex Sheff
Senior Director, Policy and Government Relations
Health Care For All
asheff@hcfama.org

Hannah Frigand
Senior Director, HelpLine and Public Programs
Health Care For All
hfrigand@hcfama.org