



MERGED MARKET RATE FILING SUMMARY (211 CMR 66.08(3)(c))

OVERVIEW OF THE FILING

Name of Company: Health New England, Inc.
Actuary Responsible for Filing Tyler Hutchison, FSA, MAAA

Coverage Period for Rates Filed: Issued/renewed in CY2025

Number of Plans Filed: 35

Number of Renewing Individuals and Dependents: 7,439

Number of Renewing Small Groups: 2,775

Number of Renewing Small Group Members: 18,325

Overall Average Proposed Rate Change over Prior Period:.....6.50%

KEY DRIVERS FOR THE PROPOSED RATE CHANGE

- Health insurance premiums reflect the cost and usage of medical care and services. Health New England (HNE) has been impacted by increases in these areas due to higher costs and utilization of medical services and prescription drugs. As a result our medical and pharmacy trends used in premium rate development to project costs for inpatient and outpatient hospital-based care, physician services, and prescription drug costs, continue to rise.
- The largest driver of HNE's 2025 requested rate increase is a rise in the costs of medical services and drugs. Pharmacy costs are expected to increase by 10.2% in 2025. This increase is driven by increased use of specialty drugs and the growth of new therapies. Members are also expected to use 2.5% more prescription drugs in 2025.
- Physicians and hospitals are facing economic pressures caused by supply chain shortages, overall inflation and continued workforce challenges. As a result, providers are seeking higher reimbursement for their services. HNE continues to be diligent but is routinely required to increase service reimbursement rates at levels that exceed the 3.6% cost control benchmark, established by the MA Health Policy Commission, in order to maintain its current provider network.
- Hospital services are expected to be 4.3% more expensive in 2025 and the use of those services is expected to grow 1-2%.

See accompanying file called "Exhibit for Public Release" for additional detail.



Health New England

SUMMARY OF COST-SHARING AND BENEFITS

See accompanying file called “Exhibit for Public Release.”

GENERAL METHODOLOGY FOR ESTABLISHING RATES OF REIMBURSEMENT

HNE uses a number of contracting approaches with providers to help control costs. The different payment methodologies are used to help members get the highest quality care at the lowest cost. These methods include fee-for-service, value-based arrangements and quality incentives.

Providers paid on a fee-for-service methodology receive a fixed amount or a percent of billed charges based on the service provided to the member. The amounts paid reflect the level of care provided and are set to appropriately reimburse the provider for the care provided to the member.

Value-based arrangements reimburse providers that offer quality care at the lowest possible cost. Physicians and hospital systems are rewarded for providing the appropriate level of care to members at a cost that is consistent with cost targets. Providers are further reimbursed if quality metrics are met.

Providers are encouraged to expand preventive care options, address chronic conditions and improve the overall health and experience of our members. As the providers hit certain metrics bonus payments are provided. This system helps members get the highest quality care.

HNE reviews publically available data to make sure reimbursement rates to hospital systems remain competitive and give members services at a cost that is in line with the competition. Contracts renew on a 2-4 year cycle and are adjusted to try to control medical inflation.

SUMMARY OF ADMINISTRATIVE EXPENSES

See accompanying file called “Exhibit for Public Release.”

MEDICAL LOSS RATIOS

See accompanying file called “Exhibit for Public Release.”

CONTRIBUTION TO SURPLUS

Contribution to surplus (the proportion of premium to be set aside to fund future unexpected costs) is set at 1.9% of premium. This level is within the standards set by regulation and allows Health New England to maintain an appropriate level of capital respond to unforeseen health care events.

DIFFERENCES FROM FILED FINANCIAL STATEMENT

Differences from filed financial statement are driven by additional claim information and other updates in information.

COST CONTAINMENT PROGRAMS

Health New England's Care Management Department provides a team-based, member-centered approach to effectively and efficiently manage populations, their medical conditions and social determinants of health. Care Management (CM) also encompasses those care coordination activities needed to help manage complex chronic illnesses. The program is comprised of licensed nurses and social workers acting as clinical advocates. They provide member education, care management, and coordination of care services across the continuum of care.

Care Management programs help control costs for members while maintaining the highest level of quality of care. The programs include:

Diabetes Program: This program stresses the importance of self-management. The program provides members with education, information, and assistance to help them improve their self-management skills.

Diabetes and Severe Persistent Mental Illness (SPMI): This program focuses on individuals with both diabetes and concurrent mental health challenges. The program provides mental health support at the same time that it provides members with medical support to improve the self-management of their chronic diseases.

Pediatric and Adult Asthma Program: This program assists members to achieve and maintain effective asthma control. Participants learn how to avoid and control triggers, use medication correctly, and improve self-management skills to prevent exacerbation of symptoms.

Coronary Artery Disease (CAD): The program focuses on members with a current diagnosis of CAD and on members with multiple CAD risk factors such as high blood cholesterol, congestive heart failure, and diabetes.

Chronic Obstructive Pulmonary Disease (COPD): For members diagnosed with COPD, our COPD program is designed to help support their provider's plan of care, provide educational materials and coaching as well as guidance on lifestyle changes, managing exacerbations and use of medications.

Congestive Heart Failure (CHF): Our CHF program supports the provider's plan of care and member's self-management by guiding members with their medications, daily weights, fluid and salt restriction and healthy lifestyle habits.

High Risk Maternity: HNE uses a digital maternity care tool that connects pregnant members with risk-specific education via app or internet, and allows providers to monitor their high risk members through web enabled monitoring devices.

Neonatal Intensive Care Unit (NICU) Management: HNE works with the NICU staff to ensure that the appropriate NICU level of care is authorized ensures all necessary post discharge services and care are in place, and will provide ongoing support to the family as they care for a baby with a variety of care needs.



Hypertension: For members diagnosed with hypertension, our Hypertension program provides educational materials and works with the member and their provider to address ways to reduce and control blood pressure.

Depression Program: Our Depression Case Management Program provides support for our members that includes: arranging, coordinating and advocating for services such as counseling, crisis services, community resources and support groups.

Behavioral Health: Our Behavioral Health Case Management Program works with our members to help find them the services they need such as educational materials and referrals to counseling, medication management, day programs, state agencies, and community resources.

Substance Use Disorder: Our Substance Abuse Case Management Program assists members with locating inpatient substance abuse programs, making referrals to outpatient services, and connecting member with crisis services, support groups, medication assisted treatment, and family supportive services.

Social Work Case Management: Our Social Work Case Management program seeks to help members meet not only their health needs, but their environmental and basic living needs. We help our members find resources like safe, affordable housing, healthy and affordable food, affordable medication and community resources and support groups.