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hcfama.org

June 28, 2023

Submitted by email

Deputy Commissioner Kevin Beagan
Massachusetts Division of Insurance
1000 Washington Street, Suite 810
Boston, MA 02118

Re: Division of Insurance Public Information Session Regarding Merged Market Health Insurance Rates for 2024

Dear Deputy Commissioner Beagan:

On behalf of Health Care For All, thank you for the opportunity to submit written comments regarding proposed Merged Market health insurance rates for 2024. Health Care For All (HCFA) operates a HelpLine that takes over 20,000 calls a year in five languages, and we advocate for health justice in Massachusetts by working to promote health equity and ensure coverage and access for all.

We recognize that the overall average proposed premium increase for 2024 in the Merged Market of 3.7% is less concerning than figures we have seen in previous years. This is good news, and we appreciate the work of the insurance carriers and those across the health care sector for their efforts to reduce costs. However, it is concerning that these proposed rates come on the heels of average approved quarterly rate increases of 7.3% over the past two years, far above the state's cost growth benchmark. It is also worth pointing out that while the average proposed premium increase was only 3.7%, some plans with significant membership proposed increases of more than 7% which will pose significant challenges for their many members across the state.

Each incremental increase in premiums has a human impact on individuals, families, and businesses in the commonwealth who are struggling with rising costs across the board. Every percentage point increase means more families who have to make impossible choices between paying their premiums and paying their rent, groceries, and other basic costs of living. Increasing premiums also continue to push carriers, employers, and members toward plans with higher out-of-pocket costs from deductibles to co-pays that can too often put care out of reach for lower-income people. We hear from people in this position often on our helpline.

We also want to take this opportunity to highlight some of the key drivers of cost cited in the carriers' filings. We urge the Division of Insurance to thoroughly review the evidence presented by the carriers regarding the impact of these drivers before approving rates. We also know that ultimately, we must address the underlying drivers of health care costs if we are to keep rates under control. One thing that stands out clearly is that the fee for service cost trend was the most significant driver of premiums for nearly every plan. Several plans also specifically cited requested price increases from hospitals and providers in their filings. I am reminded of the late great health economist Uwe Reinhart who never failed to remind us that "it's the prices stupid." This pattern is unsustainable in the long term, and it is important that the state consider policies to reign in prices at the highest cost hospitals in particular. Pharmacy trend was also a major contributor cited by many carriers, and here too action is needed to rein in prescription drug costs and prices. At a hearing last week, the legislature heard from a broad coalition of stakeholders and consumers on the need to take a comprehensive approach to prescription drug reforms.

Finally, while there were many consistencies in the key trend drivers identified by carriers, we want to note a few areas where some carriers who proposed larger rate increases cited factors that were not necessarily consistent with other plans. The first was an assumption suggested by one carrier that the MassHealth redetermination process would negatively impact the risk scores of their membership. It is not clear to us that this would necessarily be the case, nor did we see this reasoning cited by other carriers with a significant market share. Second, there were two carriers that indicated that fee for service utilization and mix trend were more significant than cost trends, which seemed out of step with other carrier filings and worth interrogating further.

Again, we appreciate the opportunity to submit comments on the proposed 2024 Merged Market rates. Please don't hesitate to reach out (asheff@hcfama.org) if you have any questions or if we can provide any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Alex Sheff". The signature is fluid and cursive, with the first name "Alex" and last name "Sheff" clearly distinguishable.

Alex Sheff
Director, Policy and Government Relations
Health Care For All