



**Testimony of Jon Hurst, President  
Before the MA Health Policy Commission &  
Jt. Committee on Health Care Financing  
The 2025 Health Care Cost Growth Benchmark  
March 14, 2024**

The Retailers Association of Massachusetts (RAM) is a statewide trade association organized in 1918, with 4,000 member employers, including all types and sizes of stores, restaurants, and various consumer service providers. The typical RAM member operates out of one or two locations and has ten employees. The retail sector operates out of 70,000 locations across the Commonwealth and employs over half a million people.

Thank you for the opportunity to testify on the 2025 Health Care Cost Growth Benchmark. RAM respectfully urges the HPC to return to a 3.1% Benchmark for two reasons. First, the current 3.6% Benchmark is being far exceeded by providers, and is unaffordable for consumers, taxpayers, and employers—particularly small employers. And secondly, under the law, the existing Benchmark masks what is really happening in the commercial marketplace, particularly for small businesses and their employees when they are included in a growing and very large pool of insureds covered by government programs, which annually get far lower increases. The low government increase numbers dilute the results, and gives providers far greater public policy cover to seek increases far higher than the Benchmark from our premium paying employer and consumer communities. That reality is not competitive nor equitable for our employers and their workforces, and it tips the scales for a provider friendly financial environment.

Every March since 2006, we have surveyed our members on proposed health insurance premium renewal rates. The results should come as no surprise to anyone with an eye on health care trends in Massachusetts over the past two decades. The consistently high percentage premium increases almost every year show a definitive pattern of anti-competitive cost growth far above state economic growth, as well as patterns of marketplace discrimination, and perhaps unfair cross subsidies.

Most small businesses in Massachusetts renew their coverages between January and April 1. The March 2024 RAM member survey reported an average premium renewal increase of 7.5%. Survey respondents did not include any multi-state chain operators, and all were MA based independents with 100 or fewer employees.

The ten-year average increase for our membership is 9.7%. Over that same time frame, this can be compared to an average 4.6% increase at the GIC, a 2.9% rate of inflation, and a cost growth benchmark of either 3.1 or 3.6%. Every year these small businesses see increases which are two to three times the cost growth benchmark. Something is wrong with the law. Something is wrong with the market.

With the high annual cost increases for small businesses, a majority of 53% were on high deductible plans. The cost and value of the small business plans, along with the MAHealth redeterminations, and with the 500% Federal Poverty Level Connector pilot, made us curious as to what was occurring with take up rates with small employer plans. The average participation rate for our members came in at 49.5%. And for 2024 renewals, 64% of our members have seen no change in their participation rates, 22% have seen an increase in participation, and 15% have seen reduced participation rates. So there could be a small increase in take up rates after the redetermination, but also an equal, continued movement of some employees to lower cost options elsewhere.

As we have stated for many years, small employers need fairness and help on controlling health care and insurance costs. They compete every day with large employers to recruit and retain employees. Over the last decade and a half there has been dramatic reductions of small group lives in our Merged Market risk pool, which combined non group and small group under Chapter 58. Over 500,000 lives—about 60% of small group numbers—have left the small group coverage of the Merged Market since 2007. Where did they go? Employees have left to go to lower cost and more comprehensive plans available to other family members working for larger businesses or government; and many small group employers have left the fully insured marketplace entirely to offerings such as stop loss/self-insurance, or even Professional Employment Organizations (PEOs), which is in effect employee leasing.

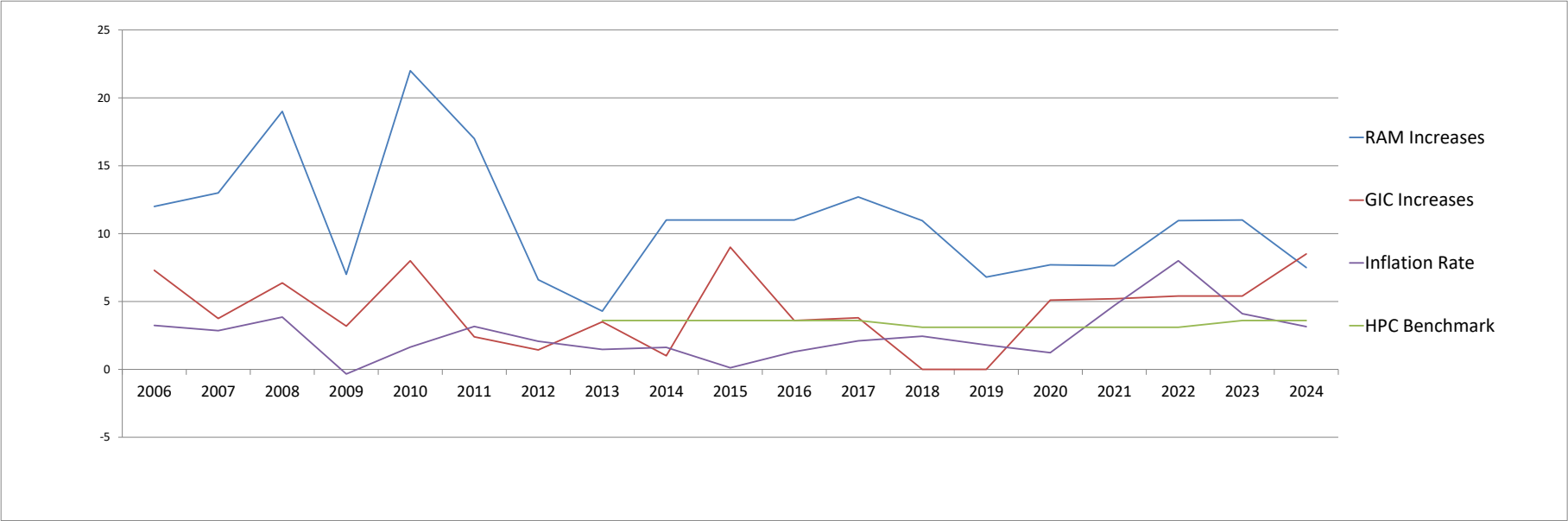
High provider cost increases; unfair cross subsidies from small businesses to individuals due to risk pooling; the inability to control costs, incent healthier employee habits and better consumer choices of high value provider options through lower premiums, have all contributed to this marketplace exodus.

Providers keep pushing unaffordable medical inflation by pressing for higher commercial reimbursements rates, higher levels of taxpayer funding, and through the expansion of state mandated benefits—which discriminate against fully insured small businesses vs self-insured groups. And at the same time, they seem to be failing to implement cost control efficiencies utilized by other employment sectors, or to control or cut the excessive costs of underutilized locations or services, even as shiny new facilities are being built in these times of a declining population.

Small businesses and their employees should be as important to our economy as the healthcare provider community; and until the Benchmark is updated to have more teeth, or at least reformed to exclude the diluting effects of government programs like MAHealth and Medicare, we urge the HPC to lower the 2025 Healthcare Cost Benchmark to 3.1%. Thank you, and we look forward to working with you on these critical cost and fairness issues.

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Retailers Association of Massachusetts  
Annual Health Insurance Increases



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	AVG
RAM Increases	12	13	19	7	22	17	6.6	4.29	11	11	11	12.7	10.95	6.8	7.7	7.64	10.96	11	7.5	11.01%
GIC Increases	7.3	3.75	6.37	3.19	8	2.4	1.43	3.5	1	9	3.6	3.8	0	0	5.1	5.2	5.4	5.4	8.5	4.14%
Inflation Rate	3.24	2.85	3.85	-0.34	1.64	3.16	2.07	1.47	1.62	0.12	1.3	2.1	2.44	1.8	1.23	4.7	8	4.1	3.15	2.55%
HPC Benchmark								3.6	3.6	3.6	3.6	3.6	3.1	3.1	3.1	3.1	3.1	3.6	3.6	3.39%