



**COMMONWEALTH OF MASSACHUSETTS**  
**Office of Consumer Affairs and Business Regulation**  
**DIVISION OF INSURANCE**

1000 Washington Street, Suite 810 • Boston, MA 02118-6200  
(617) 521-7794 • Toll-free (877) 563-4467  
<http://www.mass.gov/doi>

**CHARLES D. BAKER**  
GOVERNOR

**KARYN E. POLITO**  
LIEUTENANT GOVERNOR

**JAY ASH**  
SECRETARY OF HOUSING AND  
ECONOMIC DEVELOPMENT

**JOHN C. CHAPMAN**  
UNDERSECRETARY OF CONSUMER AFFAIRS  
AND BUSINESS REGULATION

**DANIEL R. JUDSON**  
COMMISSIONER OF INSURANCE

**INFORMATION SHEET: Fourth Quarter 2015 Merged Market Health Insurance Rate Increases**

The Massachusetts Division of Insurance (DOI) is statutorily required under M.G.L. c. 176J to review merged market (small group/individual) health rates quarterly. DOI has completed its rate review and notified carriers. On the average, health insurance base rates will increase by 8.3% over the rates that were in effect in the 4<sup>th</sup> quarter of 2014, with some companies over the average and others under it.

Insurance carriers indicated their rates are higher than in prior periods primarily because of several factors:

1. Increased levels of drug costs. Carriers have seen much higher levels of demand for expensive brand name prescription drugs to treat conditions such as hepatitis. Furthermore, carriers have indicated that the manufacturers of many of these brand name drugs have imposed double digit cost increases in recent months.
2. Increased levels of plan utilization. Inpatient/outpatient utilization costs have been increasing at a level that is significantly higher than in prior periods. The higher base rates reflect the cost of this increased usage.
3. Implementation of federal law. The changing costs to administer implementation of the Affordable Care Act (ACA), including the factoring in of the price of new risk mitigation programs being implemented through ACA federally-mandated programs.

There are approximately 100,000 persons who are covered in small groups that are scheduled to renew coverage during the 4th quarter of 2015.

The Division of Insurance recognizes that escalating health insurance costs are a burden on employers and employees alike, and continues to push carriers to be diligent in looking for new and more effective cost containment solutions.

*September 4, 2015*