



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: First Quarter 2016 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 average, health insurance base rates will increase by 6.3% over the rates that were in effect in the 1st quarter of 2015, 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 300,000 persons who are covered in small groups that are scheduled to renew coverage during the 1st quarter of 2016.

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.