

## Beacon Hill Update

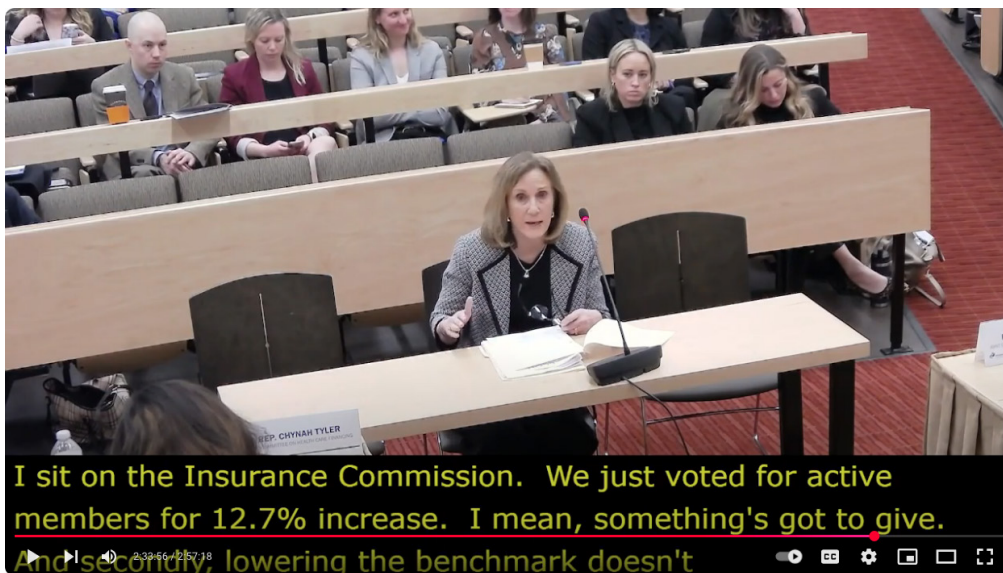
The [Health Policy Commission](#) held its annual healthcare cost benchmark hearing on March 13, 2025. The cost benchmark is set in advance as the target for overall healthcare growth in Massachusetts. It has been set at 3.6%, but healthcare cost growth has exceeded that amount in each of the past three years.

ECOH President Eileen McAnneny urged the HPC to reduce the cost benchmark. Her overall message was that if the state wants to reduce the cost of healthcare, which is imperative for improving the state's competitiveness and overall competitiveness, it must lower the cost benchmark and provide consequences to health providers for not meeting it.

ECOH has sent to the Division of Insurance [a letter outlining our recommendations](#) to make health insurance purchased in the merged market more affordable. These recommendations are a follow-up to listening sessions conducted by the DOI over the past few months.

Read ECOH's testimony [here](#).

Watch the video here: March 13, 2025 – [Benchmark Hearing | Massachusetts Health Policy Commission ECOH testimony](#)



## ECOH Appointed to Step Therapy Commission

ECOH's McAnneny has been appointed by the Governor to the newly created Step Therapy Commission, a special commission created by the legislature to analyze the impact of step therapy protocols on total medical expenses, healthcare quality outcomes, and premium costs, among other things. The commission is expected to submit a report on its findings by October 1, 2025.

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## ECOH Takes Proactive Step to Improve Affordability by Filing Two New Bills

Representative Hannah Kane has filed two bills at ECOH's request. The first would establish a hospital efficiency standard that would look at 4 categories of costs to better understand why hospital prices are rising so steeply year-over-year. As the Health Policy Commission has reported for the past several years, hospital prices have been the primary driver of healthcare costs. You can read the language of the bill [here](#).

The second bill would require an examination of the merged health insurance market. As part of the Massachusetts landmark health care reform law, the risk pools of the individual and small group market were combined to make the cost of health insurance more affordable for individuals given the new health insurance mandate. Since then, the dynamics within the merged market have changed dramatically, with far fewer small businesses and more individuals. Given these changes, ECOH's bill would create a commission to determine how the merger has impacted small businesses prices and purchasing decisions. You can read the language of the bill [here](#).

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## ECOH In the News

Boston Business Journal, [Business Advocates Once Again Urge State to Rein In Healthcare Costs](#)

State House News Service, [Mass. Healthcare System Falling Apart, Key Senator Says](#)

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## News You Can Use

Boston Globe, Editorial entitled [Four Concrete Ways Massachusetts Can Lower Health Care Costs](#)

State House News Service, [State, Federal Healthcare Timelines Out of Sync](#)

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## 10 Troubling Trends in Massachusetts Healthcare

According to the HPC, these are the most recent Massachusetts Cost Trends:

1. Health care spending per resident has grown an average of 5.2% annually since 2019, exceeding the rate of growth of inflation, labor costs, and income, and was double the rate of growth of household income for working class households.
2. Massachusetts has among the highest costs of living in the U.S., and with the **second highest commercial premiums in the country** (\$26,355 average annual family health insurance premium (including employer and employee contribution in 2023). Including out of pocket spending, **the average cost of health care for a Massachusetts family exceeded \$29,000 in 2023.**



3. **Health insurance coverage received through businesses with fewer than 50 employees has declined by half since 2010**, suggesting increasingly unaffordable coverage, and small group premiums increased 7% in 2023.
4. **If premium growth continues at the current rate of 7% rather than at the benchmark rate of 3.6%, take home pay for an average Massachusetts family in 2030 would be reduced by \$600 per month.**
5. As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. These rates become particularly dire when **health care premiums and out of pocket spending reach 25% of total income – a reality for 41% of Hispanic families and 26% of black families in Massachusetts faced in 2023 compared to 9% of white families.**
6. The percentage of commercially-insured Massachusetts residents enrolled in high-deductible plans increased from 19% to 45% from 2014 to 2023, and [CHIA survey data](#) shows that those with high-deductible plans are more likely to report having medical debt (19.5% vs. 11.6%).
7. Commercial spending per person increased 7.8% in 2023 and grew an average of 6.1% annually from 2019 to 2023. Hospital outpatient and pharmacy spending have had the biggest impact on spending growth from 2019 to 2023.
8. As in prior years, spending growth largely reflected higher prices for care rather than more care received.
9. Health insurer administrative costs have risen 29% since 2019. The increase in general administration from 2022 to 2023 adds 0.3% to premium growth.
10. Massachusetts Total Health Care Expenditures (THCE) exceeded the 3.6% healthcare cost benchmark in 2023 with per capita growth in total health care expenditures of 8.6%.

## Did You Know...



- According to the independent health care research group Kaiser Family Foundation ([KFF](#)), the federal government spent \$1.9 trillion on health care programs and services in fiscal year 2024, including Medicaid and Medicare, accounting for 27% of all federal outlays that year.
- According to the latest Annual Report on the Performance of the Massachusetts Healthcare System issued by the [Center for Health Information and Analysis](#), Massachusetts spends more than \$78 billion in total healthcare expenditures which translates into spending of \$11,153 per capita.

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