



Monday, March 13, 2023

**Statement from Lora Pellegrini, President and CEO of the MA Association of Health Plans
On the Center for Health Information and Analysis' 2023 *Annual Report on the
Performance of the Massachusetts Health Care System***

Today's report demonstrates the vital importance of retaining a strong cost growth benchmark as our health care system emerges from the COVID-19 pandemic. The very same factors that drove health care cost growth and spending prior to the COVID-19 pandemic continue to challenge our ability to provide affordable, high-quality, and equitable coverage and care to our state's residents.

As care returned to in-person settings in 2021 and state and federal directives expanding coverage requirements remained in place, premium revenue struggled to keep pace with claims costs, resulting in financial losses for health plans. Hospital outpatient and physician expenditures rebounded, growing by 18.9% and 15.5% respectively, while other professional spending increased by 15.9% and hospital inpatient spending maintained steady growth at 5.2%, driving total health care expenditures (THCE) up by 9%. Because of these aberrant utilization trends in 2020 and 2021, the Center for Health Information and Analysis (CHIA) has wisely provided a multi-year analysis, offering both year over year comparisons and an annualized growth rate at 3.2%.

While hospital and physician spending fluctuated during 2020 and 2021, pharmaceutical spending continued to grow unabated by the pandemic at a rate of 11.1%, or 9.6% annualized, outpacing all other categories of spending growth. Increases in prescription drug spending remain a significant and ongoing challenge to containing health care costs, and yet the pharmaceutical industry remains absent from accountability to the state's cost growth benchmark.

As health insurance premiums reflect the cost of care, it is critical that the state take action to address these rising health care costs. In conjunction with a strong benchmark, we urge the state to take steps to hold all entities accountable for cost growth, enhancing competition, and correcting market dysfunction.

We commend Executive Director Lauren Peters and her staff on an outstanding report.

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