

Massachusetts Cost Benchmark vs. Health Insurance Premiums

What's the Difference?

Cost Benchmark

The health care cost growth benchmark is set by the Commonwealth to **RETROSPECTIVELY** measure the growth in total health care spending. It includes **ALL** types of coverage, including Commercial, Medicare, and Medicaid plans.

Why did my premium increase more than the state's 3.6% health care cost growth benchmark?

Health Insurance Premiums

Premiums are set **PROSPECTIVELY** to predict what the total costs will be for **COMMERCIAL** members. They are based on historical spending, future costs, acuity of members, rating factors, and the impact of new drugs, technology, taxes, fees, and assessments.

WHEN THE PRICES CHARGED FOR HOSPITAL CARE AND PRESCRIPTION DRUGS INCREASE, SO DO PREMIUMS.



From 2021 to 2022, Massachusetts experienced the largest increase in total health care expenditures in 10 years, with an increase of 5.8% for a total of **\$71.7 billion**. As a result of provider and prescription drug prices continuing to climb, **\$38.9 billion** of total spending from 2021 to 2022 was attributable to:

\$13.6 billion in pharmacy spending
\$25.3 billion in hospital inpatient and outpatient spending

HEALTH PLAN SPENDING & PROFITS ARE HIGHLY REGULATED:



Medical Loss Ratio
highest standard in the nation

Massachusetts Health Plans must spend **88%** of every premium dollar on member care. If they don't, consumers receive rebates.

State regulators can disapprove health plan rates if plan surplus exceeds **1.9%**.



Maximum Allowed Surplus