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**Statement from Lora Pellegrini, President and CEO of the MA Association of Health Plans
On the 2025 Merged Market Proposed Premium Rates**

Every spring, health plans in Massachusetts are required to file proposed premium rates for the following year with the Division of Insurance, reflecting the projected costs for inpatient and outpatient hospital-based care, physician services, prescription drug costs, care coordination programs, administrative expenses, and government taxes and fees. State and federal law set specific requirements for allocation of the premium dollar – in Massachusetts, health plans are required to spend at least 88% of premium on direct member care and contributions to surplus are limited to 1.9%.

Under those parameters, this year's average proposed premium increase of 8.4% accounts for demands for double digit reimbursement rate increases by hospitals and providers emboldened to ignore the cost growth benchmark and continued outsized increases in prescription drug prices driven by a complete dearth of transparency and accountability for pharmaceutical manufacturers.

Pharmaceutical prices and the costs of inpatient, outpatient, and physician services continue to be the largest drivers of increased health care spending, with more than 64% of total medical expense trend driven by pharmaceutical costs and utilization. Anticipated costs for medical and pharmacy account for 91% of plans' proposed premium increases.

Health insurance premiums are reflective of the cost of care – we must address the key drivers of health care spending in a meaningful way to make health care more affordable for employers and consumers. Recent efforts in the Legislature to set a minimum statutory reimbursement rate for hospitals without a commensurate cap on the maximum amount of payment will only result in further upward pressure on premium rates.

As stewards of the health care dollar, MAHP member plans are committed to continuing our work to make health care more affordable for businesses and working families in the Commonwealth, but we cannot do this alone. It will take a proactive commitment to affordability across all parties in the health care ecosystem, including providers, hospitals, health plans and the pharmaceutical industry, to rein in costs for consumers and employers.

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