

State Mandated Benefits in Massachusetts



What are state mandated benefits?

State mandated benefits are **specific services, treatments, supplies, and practitioners that employers and health plans are required to cover under Massachusetts law**. Today, Massachusetts health plans and employers provide coverage of over **50 specific state mandated benefits**. According to Massachusetts General Law Chapter 3 §38C, the Massachusetts Center for Health Information and Analysis (CHIA) is required to issue a comprehensive **report** at least once every four years on the cost and public health impact of all existing mandated health insurance benefits. The report concluded that existing state mandated benefits accounted for **approximately \$2.5 billion in premiums**, representing 17% of every premium dollar.

2025–2026 Legislative Session

This legislative session, approximately **194 bills** have been filed to mandate coverage of certain health care services or treatments, often also seeking to eliminate health plans' ability to manage costs, safety, or efficacy of the mandated benefit. Nearly half of the proposed bills mandating coverage of services attempt to eliminate consumer cost-sharing, which will have the unintended consequence of significantly raising health care premiums, including:

- Mandated coverage and elimination of cost sharing for perinatal, childbirth, and postpartum services, estimated to increase premiums for individuals and small businesses by over **\$238 million over a period of 5 years** according to a 2021 CHIA mandated benefit review. (*House Bill 1311 Sabadosa/ Senate Bill 761 Friedman*)
- Mandated coverage of acupuncture for a broad array of conditions, estimated to increase premiums for individuals and small businesses by over **\$97 million over a period of five years** according to a 2015 CHIA mandated benefit review. (*House Bill 1148 Elliott/ Senate Bill 834 Velis*)

Talking Points

Policy Recommendations

- To increase the affordability of health care and provide financial relief to employers and consumers, the Commonwealth should:
 - Strengthen CHIA mandate review process to ensure mandate proposals undergo thorough cost analysis.
 - Impose a moratorium on new mandated benefit legislation until statewide health spending aligns with the health care cost growth benchmark.
 - Allow mandate-free EHB-only health plans, regulated by the Division of Insurance, to give small businesses and consumers more affordable options.

Talking Points

Small Businesses

State mandated benefits increase costs and disproportionately impact small businesses and consumers by increasing the cost of health insurance coverage.

Fully-Insured v. Self-Insured

These mandates apply only to fully-insured plans—typically those covering individuals and employees of small or medium-sized businesses. Large employers often self-insure, paying medical claims directly and operating under the federal ERISA statute, which exempts them from state benefit mandates.

- As a result, small businesses bear the brunt of these mandates. They must offer plans that comply with both federal Essential Health Benefits (EHBs) and additional state requirements, while larger competitors can avoid those costs.
- According to CHIA's 2024 Annual Report, 61% of Massachusetts' commercially insured residents are enrolled in self-insured plans, meaning new state mandates affect a shrinking share of the market. Employers unable to self-insure—primarily small businesses—would be forced to cover benefits they may not need or want.
- Over time, this could further incentivize employers to self-insure, leaving a smaller fully-insured market to absorb the cost of new mandates—further driving up premiums for small employers and their employees.

Costs of Services

Health insurance premiums, cost sharing, and medical costs are inextricably linked. The major contributing factor to the increases in premiums consumers and employers bear is the ever-increasing costs of medical services.

Cost Sharing

Cost-sharing tools such as tiered/select networks, deductibles, copayments, and coinsurance help contain costs and keep premiums more affordable. Curtailing these mechanisms would eliminate flexibility for employers and consumers to choose cost-effective coverage, raising monthly premiums and putting added strain on small businesses and working families.

Existing consumer protections already limit out-of-pocket costs. Under the state's Minimum Creditable Coverage (MCC) and the federal ACA, insurers must cap an individual's total annual cost-sharing. The ACA also mandates no cost-sharing for preventive services.

Eliminating or reducing cost-sharing raises actuarial value and pushes health plans into higher metallic tiers, which increases premiums. For example, a Platinum plan has lower out-of-pocket costs but higher monthly premiums. Even small reductions in copays or coinsurance raise a plan's actuarial value—and, therefore, its premium.