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**Statement by Lora Pellegrini, President and CEO of the Massachusetts Association of Health Plans, on the 2027 Merged Market Proposed Premium Rates**

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“Every spring, Massachusetts health plans are required to file proposed premium rates for the upcoming year with the Division of Insurance. These filings reflect projected costs for hospital and physician services, prescription drugs, behavioral health care, and other medical expenses. Under Massachusetts law, health plans must spend at least 88 percent of premium dollars on member care, while contributions to surplus are capped at 1.9 percent - among the strictest regulatory and financial requirements in the country, leaving little flexibility to absorb rising medical costs without impacting premiums.

This year’s proposed rates reflect the continued acceleration in health care costs across Massachusetts. Recent data from the Center for Health Information and Analysis (CHIA) showed total health care expenditures increasing 5.7 percent to more than \$83 billion, with particularly sharp growth in hospital outpatient care, physician services, and prescription drugs, including double-digit increases in commercial pharmacy spending.

Health insurance premiums are a direct reflection of these underlying medical costs. More than 40 reports issued by the Health Policy Commission, CHIA, the Attorney General’s Office, and other state agencies have consistently identified provider prices and pharmaceutical spending as the primary drivers of health care cost growth in Massachusetts.

Massachusetts employers and families are increasingly struggling under the weight of rising health care costs. Health plans remain committed to working with policymakers and stakeholders on meaningful solutions that address the root causes of the Commonwealth’s affordability challenges. We are hopeful that the Governor’s Affordability Workgroup yields meaningful recommendations and statutory or regulatory changes that will rein in the underlying cost drivers in our marketplace.”

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