

MASSACHUSETTS
HEALTH POLICY COMMISSION



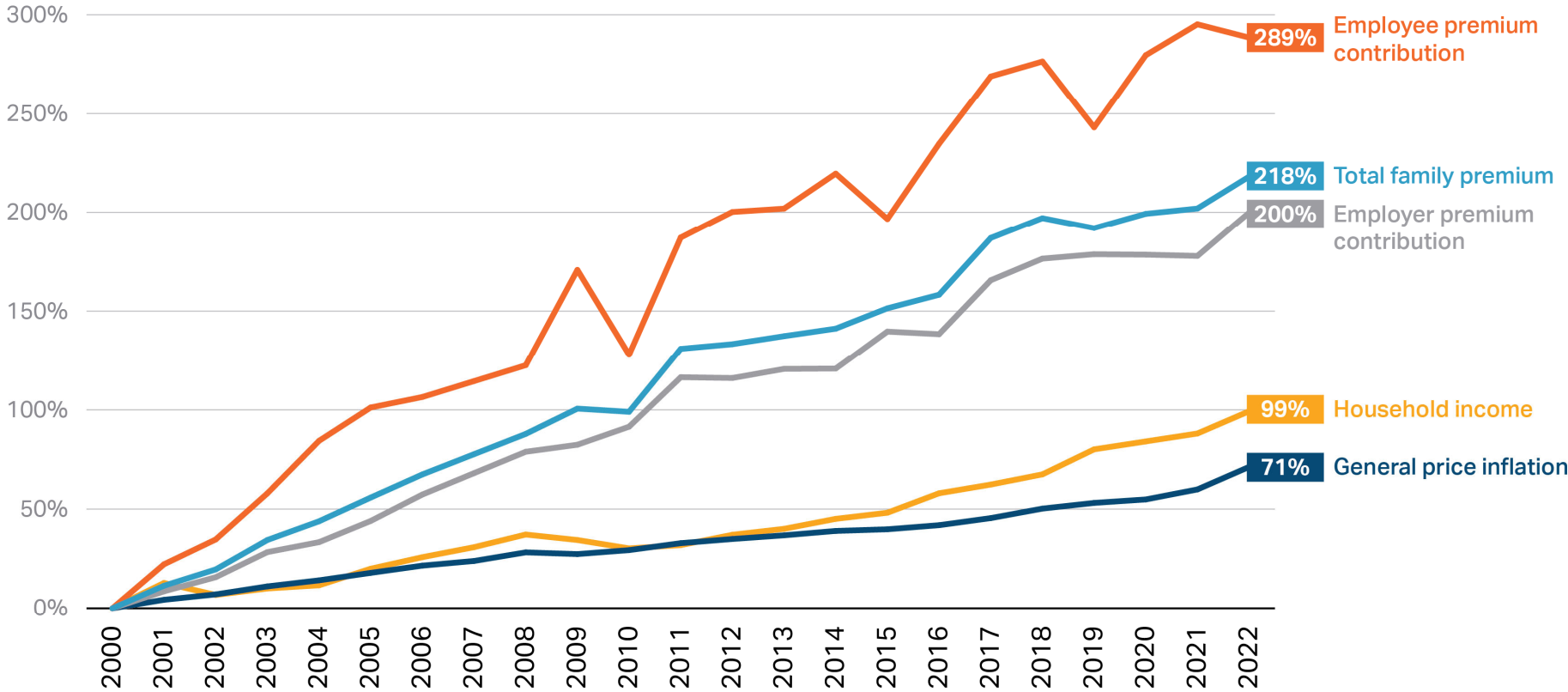
Advancing Health Care Cost Containment, Affordability, and Equity in Massachusetts

**Massachusetts Health Policy
Commission**

HFMA

April 25, 2024

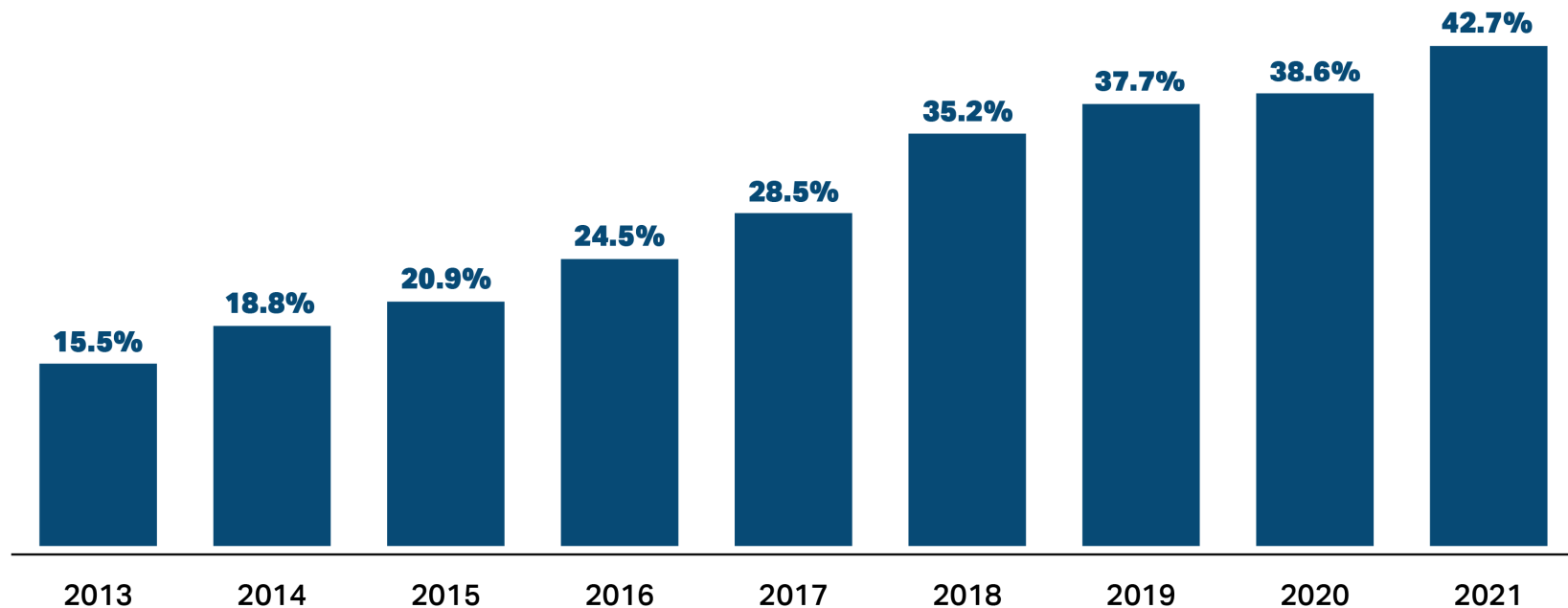
Over the past 20 years in Massachusetts, the growth in health care premiums has far exceeded the growth in household income and general inflation. The cost of an average annual family premium plan now exceeds \$23,000.



The percentage of commercially-insured Massachusetts residents enrolled in high deductible plans has increased from 16% to 43% from 2013 to 2021.



Percentage of Massachusetts commercial enrollees whose plan has a high deductible, 2013-2021



Notes: High deductible plans are defined federally as a plan having a single/family deductible of \$1,250/\$2,500 in 2013-2014; \$1,300/\$2,600 in 2015-7; \$1,350/\$2,700 in 2018-9 and \$1,400/\$2,800 for 2020-21. GIC plans do not allow high deductibles.

Source: Center for Health Information and Analysis Annual Reports, 2016-2023.

Nearly 50% of all Massachusetts adults report delaying or skipping necessary care due to cost; affordability burdens are even higher for BIPOC populations.



Percent of Massachusetts adults who reported the following outcomes based on survey of 1,158 Massachusetts adults, May 2021

46% of Massachusetts adults delayed or skipped care due to cost, including:



Skipped needed dental care (27%)



Delayed going to the doctor or having a procedure done (25%)



Cut pills in half, skipped doses of medicine, or did not fill a prescription (22%)

Almost 10% of adults reported that due to the cost of medical bills, they:



Were unable to pay for basic necessities like food, heat, or housing



Used up all or most of their savings



Were contacted by a collection agency



3 in 4 Massachusetts residents are worried about affording health care in the future.

In 2012, Massachusetts became the first state with a measurable goal to moderate health care spending growth (Health Care Cost Growth Benchmark).

CHAPTER 224 OF THE ACTS OF 2012



An Act Improving the Quality of Health Care and Reducing Costs through Increased Transparency, Efficiency, and Innovation.

GOAL



Reduce total health care spending growth to meet the **Health Care Cost Growth Benchmark**, which is set by the HPC and tied to the state's overall economic growth.

VISION



A transparent and innovative healthcare system that is accountable for producing better health and better care at a lower cost for all the people of the Commonwealth.

The HPC employs four core strategies to realize its vision of better care, better health, and lower costs for all people of the Commonwealth.



WATCHDOG

Monitor and intervene when necessary to assure market performance

CONVENE

Bring together stakeholder community to influence their actions on a topic or problem



RESEARCH AND REPORT

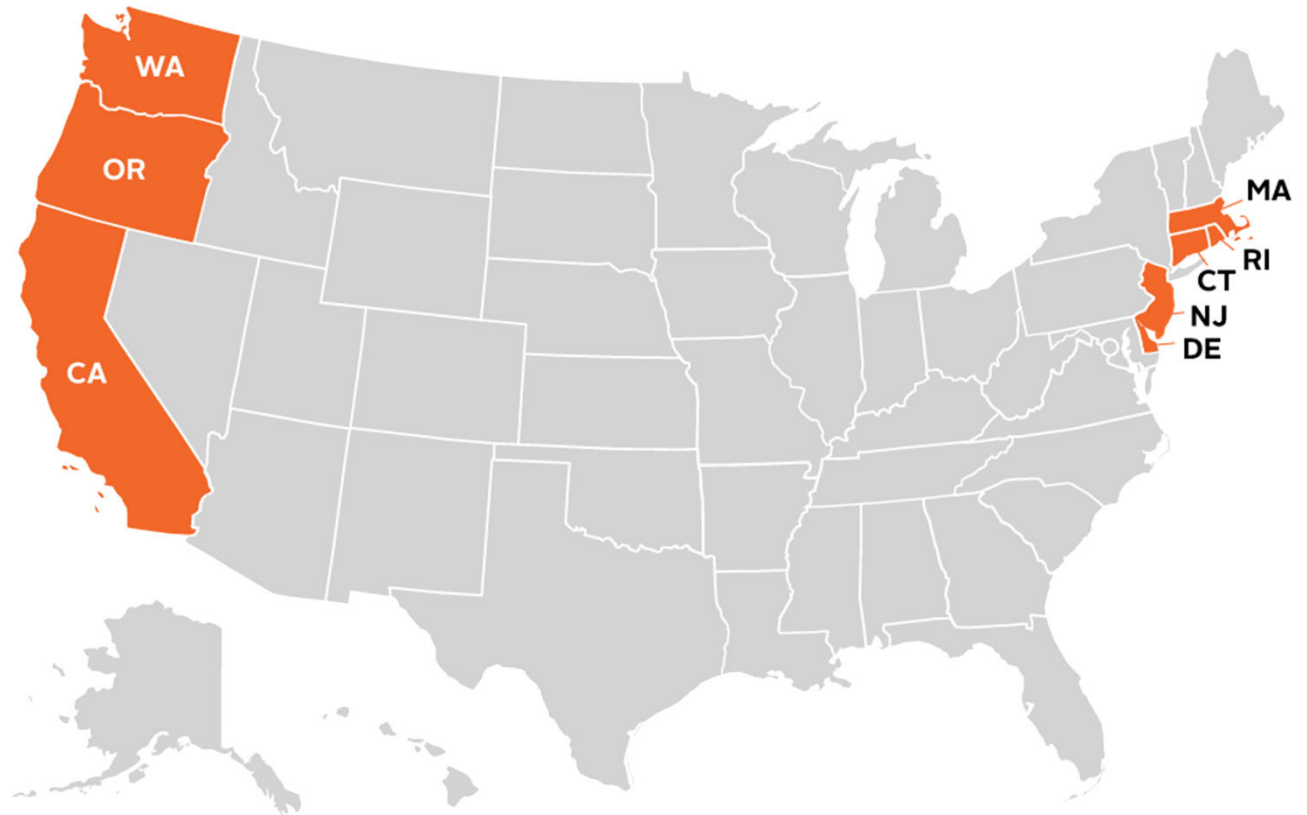
Investigate, analyze, and report trends and insights

PARTNER

Engage with individuals, groups, and organizations to achieve mutual goals

Eight states have now established statewide health care cost growth targets, cumulatively representing one in five residents in the U.S.

Many other states are building on the Massachusetts model and are adopting new strategies to promote transparency, oversight, and accountability.

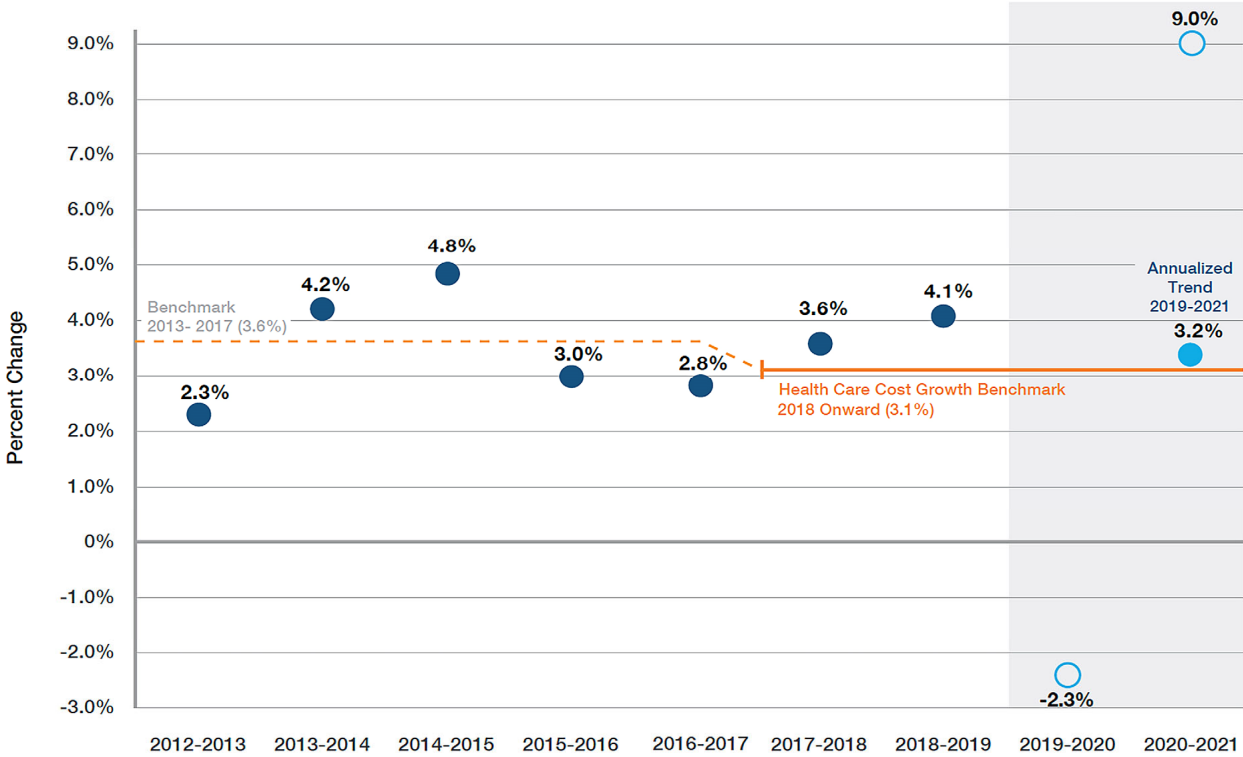


How states use cost-growth benchmark programs to contain health care costs. The National Academy for State Health Policy. (2022, February 1). Retrieved from <https://www.nashp.org/how-states-use-cost-growth-benchmark-programs-to-contain-health-care-costs/>

From 2012 to 2021, the average annual growth rate for health care spending in Massachusetts was 3.5%, below the initial goal of 3.6%.



Massachusetts annual growth in per capita total health care spending relative to the benchmark, 2012 to 2021



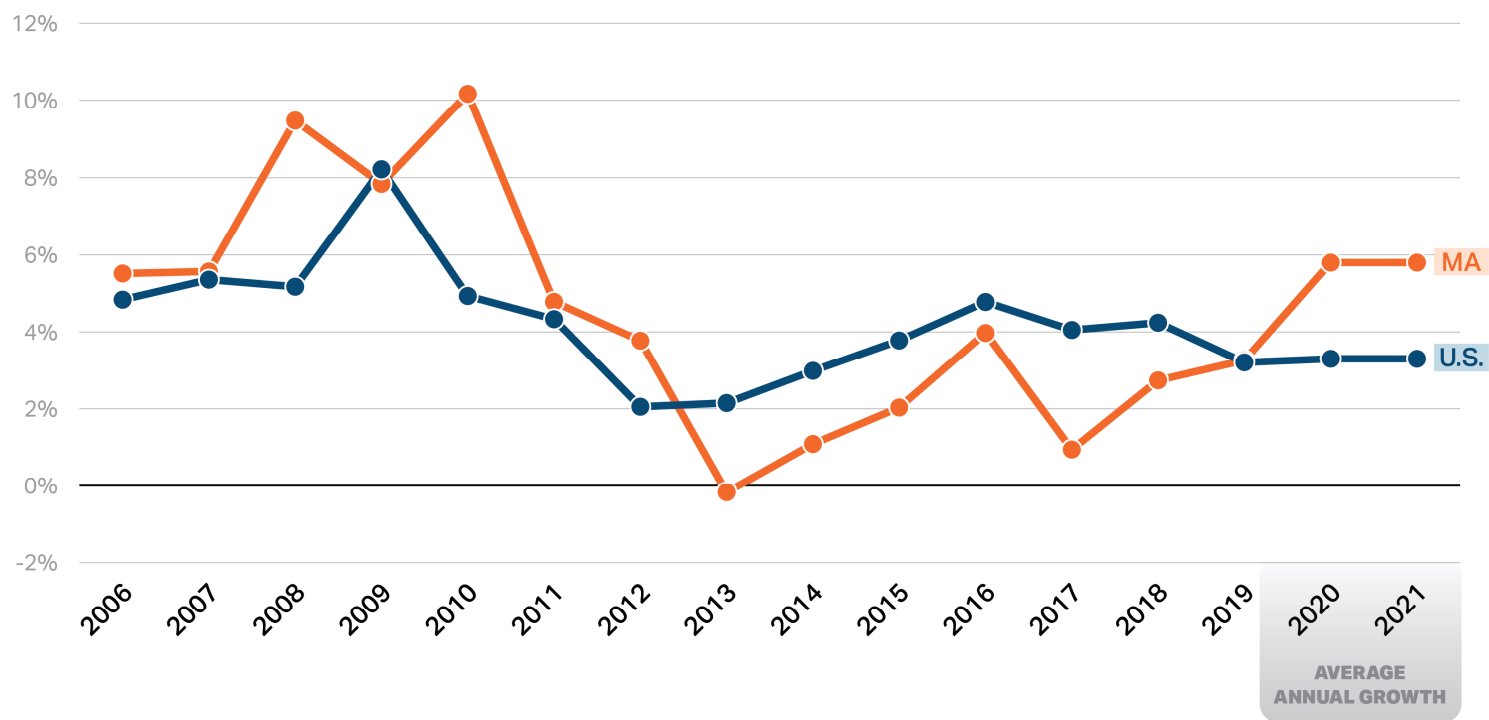
The average annual growth rate for the first two years of the COVID-19 pandemic was 3.2%.

Source: Massachusetts Center for Health Information and Analysis, Annual Reports on the Performance of the Massachusetts Health Care System 2013-2023.

After several years of lower growth, commercial spending growth in Massachusetts exceeded the US average from 2019-2021.



Annual growth in per capita commercial health care spending, Massachusetts and the U.S., 2006-2021. Data for 2020 and 2021 represent average annual growth from 2019-2021. Other data points represent growth from the previous year to the year shown.



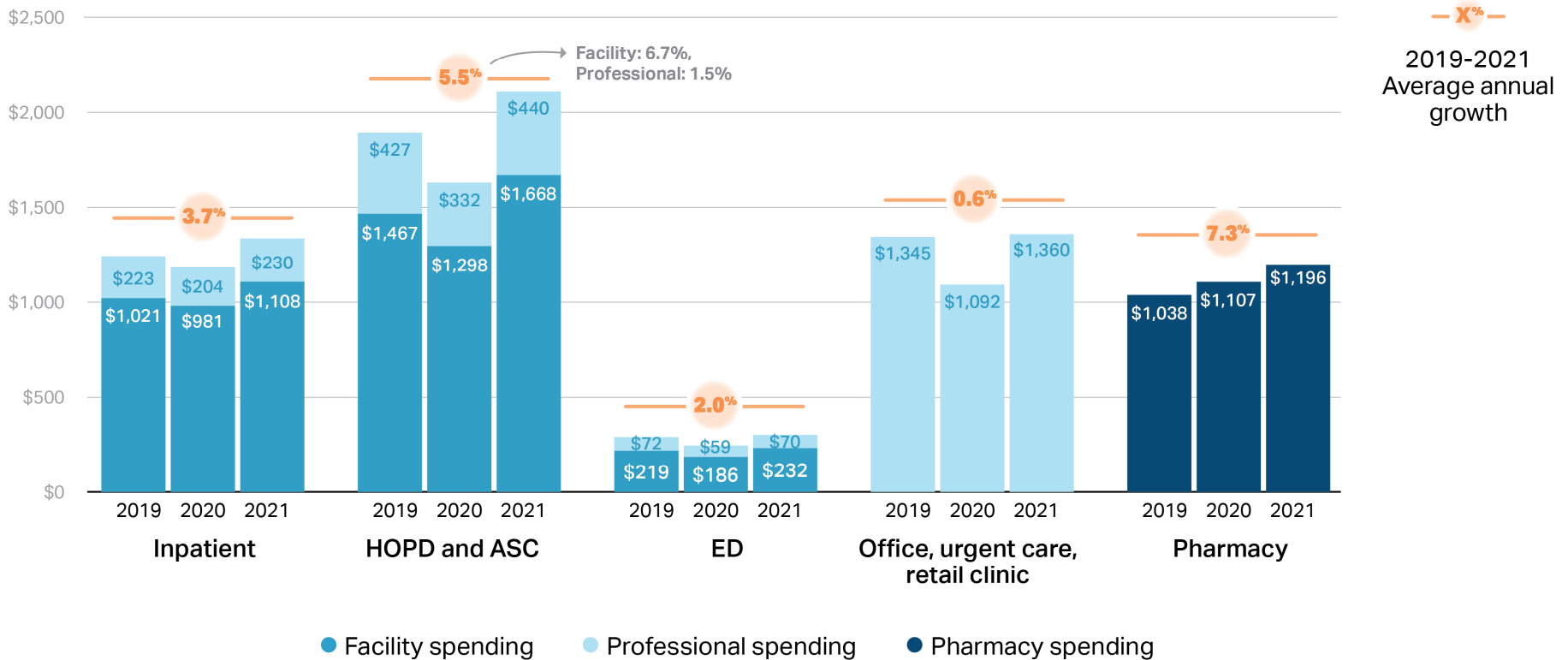
Notes: Massachusetts data include full-claims members only. Commercial spending is net of prescription drug rebates and excludes net cost of private health insurance.

Sources: Centers for Medicare and Medicaid Services, National Healthcare Expenditure Accounts Personal Health Care Expenditures, 2014-2021 and State Healthcare Expenditure Accounts 2005-2014; Center for Health Information and Analysis, Total Health Care Expenditures, 2014-2021.

Hospital outpatient department and pharmacy spending were the largest drivers of commercial spending growth from 2019-2021. This growth was mostly driven by higher prices.



Commercial spending per member per year, and average annual growth, by care setting, 2019-2021



Notes: Medical spending reflects data from six payers: BCBSMA, HPHC, Tufts, AllWays, Anthem and Health New England. Pharmacy spending is net of rebate and excludes Anthem. Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2021, 2019-2021.

2023 Health Care Cost Trends Report Policy Recommendations



- 1 Modernize the Commonwealth's Benchmark Framework to Prioritize Health Care Affordability and Equity For All.
- 2 Constrain Excessive Provider Prices.
- 3 Enhance Oversight of Pharmaceutical Spending.
- 4 Make Health Plans Accountable For Affordability.
- 5 Advance Health Equity For All.
- 6 Reduce Administrative Complexity.
- 7 Strengthen Tools to Monitor the Provider Market and Align the Supply and Distribution of Services With Community Need.
- 8 Support and Invest in the Commonwealth's Health Care Workforce.
- 9 Strengthen Primary and Behavioral Health Care.