Testimony of Jon Hurst, President
Before the MA Health Policy Commission &
Jt. Committee on Health Care Financing
2026 Health Care Cost Growth Benchmark
March 13, 2025

The Retailers Association of Massachusetts (RAM) is a statewide trade association organized in 1918, with 4,000 member employers, including all types and sizes of stores, restaurants, and various consumer service providers. The typical RAM member operates out of one or two locations and has ten employees. The retail sector operates out of 70,000 locations across the Commonwealth and employs over half a million people.

Thank you for the opportunity to submit written testimony on the 2026 Health Care Cost Growth Benchmark. RAM has participated in every Benchmark hearing with an unfortunate lack of success. For instance, in the last four years our testimony included the following requests, which did not influence the ultimate HPC actions:

For the 2022 Benchmark, we asked for a cut; you froze. For the 2023 Benchmark we asked for a freeze; and you increased it. The 2024 Benchmark we asked for a cut; you froze. And the 2025 Benchmark we again asked for a cut; and you froze. This year, we are saving our time, breath and our collective time by submitting these comments in written form rather than in person, since our recommendations seem to trigger the opposite, provider friendly response, rather than small business, premium paying consumer, and taxpayer friendly action.

For the fourth time in the last five years, RAM is once again respectfully urging the HPC to return to a 3.1% Benchmark for two reasons. First, the 3.6% Benchmark is being far exceeded by providers, and is unaffordable for consumers, taxpayers, and employers, particularly small employers. And secondly, under the current law, the existing Benchmark masks what is really happening in the commercial marketplace, particularly for small businesses and their employees when they are included in a growing and very large pool of government programs, which annually get far lower increases. The low government increase numbers dilute the results and gives providers far greater public policy cover to seek increases far higher than the Benchmark from our premium paying employer and consumer communities. That reality is not competitive or equitable for our employers and their workforces, and it tips the scales for a provider friendly financial environment.

Every March since 2006, we have surveyed our members on proposed health insurance premium renewal rates. The results should come as no surprise to anyone with an eye on health care trends in Massachusetts over the past two decades. The consistently high percentage premium increases almost every year show a definitive pattern of anti-competitive cost growth far above state economic growth, as well as patterns of marketplace discrimination, and perhaps unfair cross subsidies.

Most small businesses in Massachusetts renew their coverage between January and April 1. The March 2025 RAM member survey reported an average premium renewal increase of 12.06%. Survey respondents were all MA based independents with 100 or fewer employees.

The five-year average increase for our membership is 9.83%. Over that same time frame, the Commonwealth saw an average rate of inflation of 4.24%, and a cost growth benchmark of an average of 3.4%. Given the high level of inflation over the last five years, one can understand providers not meeting the Benchmark every year; but small business premium increases of two to three times the inflation rate and the Benchmark are unacceptable, unaffordable, and extremely damaging to the competitiveness of the Commonwealth. Our families do not see incomes rise by 10% per year; far from it. Small businesses are not seeing their sales rise at that level either; in fact, most are flat in sales since before COVID. High health insurance increases and flat sales simply mean massive small business failure rates.

Something is wrong with the Benchmark, which is being flaunted. Something is wrong with state law. Something is wrong with the market. It appears that the priorities are the receivers of our health care dollars not the payers.

As we have stated for many years, small employers need fairness and help on controlling health care and insurance costs. They compete every day with large employers to recruit and retain employees. Over the last decade there have been dramatic reductions in small group lives in our Merged Market risk pool, which is the combined non-group and small group market. Over 500,000 lives – about 60% of the total small group market – have left the small group market since 2007. Where did they go? Some employees have left for lower cost and more comprehensive plan options available through a spouse or family member working for a larger business or government. Many small group employers have left the fully insured marketplace entirely, switching to offerings such as self-insured or partially self-funded plans, or enrolling in a Professional Employment Organizations (PEO, employee leasing). Small businesses have become less attractive options for potential employees in the workforce.

High provider cost increases; unfair cross subsidies from small businesses to individuals due to risk pooling; the inability to control costs and incent healthier employee habits and better consumer choices of high value provider options through lower premiums; and costly, provider friendly public policy decisions such as the passage of over fifty state mandates, have all contributed to this marketplace exodus.

Providers keep pushing unaffordable medical inflation by pressing for higher commercial reimbursement rates, higher levels of taxpayer funding, and through the expansion of state mandated benefits—which discriminate against fully insured small businesses vs. self-insured groups. Like the current public debate on energy costs which is highlighting as much as 30% of the gas or electricity bill as state mandates; the same is very true with health insurance, with some estimates putting state mandates and assessments at 20% of a fully insured small business' premiums. For a $40,000 family policy, that's $8000 in state mandates.

Small businesses and their employees should be as important to our economy as the healthcare provider community. Until the Benchmark is lowered, not ignored, and has some level of teeth for real enforcement, we can only assume that policymakers are putting the goals of big providers and big pharma ahead of small businesses, their workforces, and premium paying consumers and taxpayers. We urge the HPC to realign its priorities to protect those groups, and to lower the 2026 Healthcare Cost Benchmark to 3.1%. Thank you, and we look forward to working with you on these critical cost and fairness issues.

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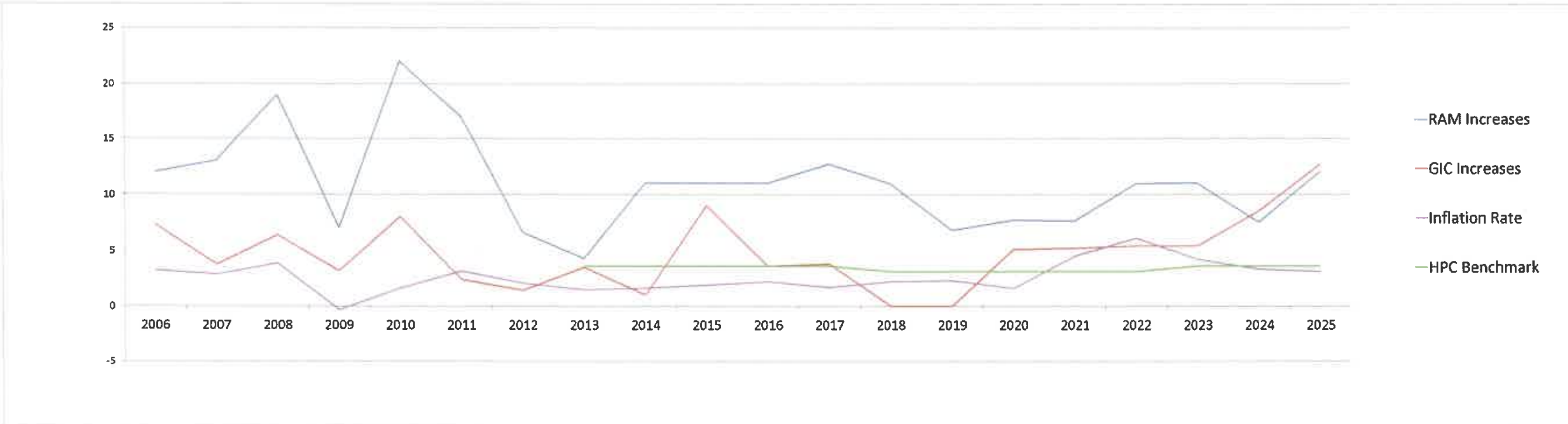
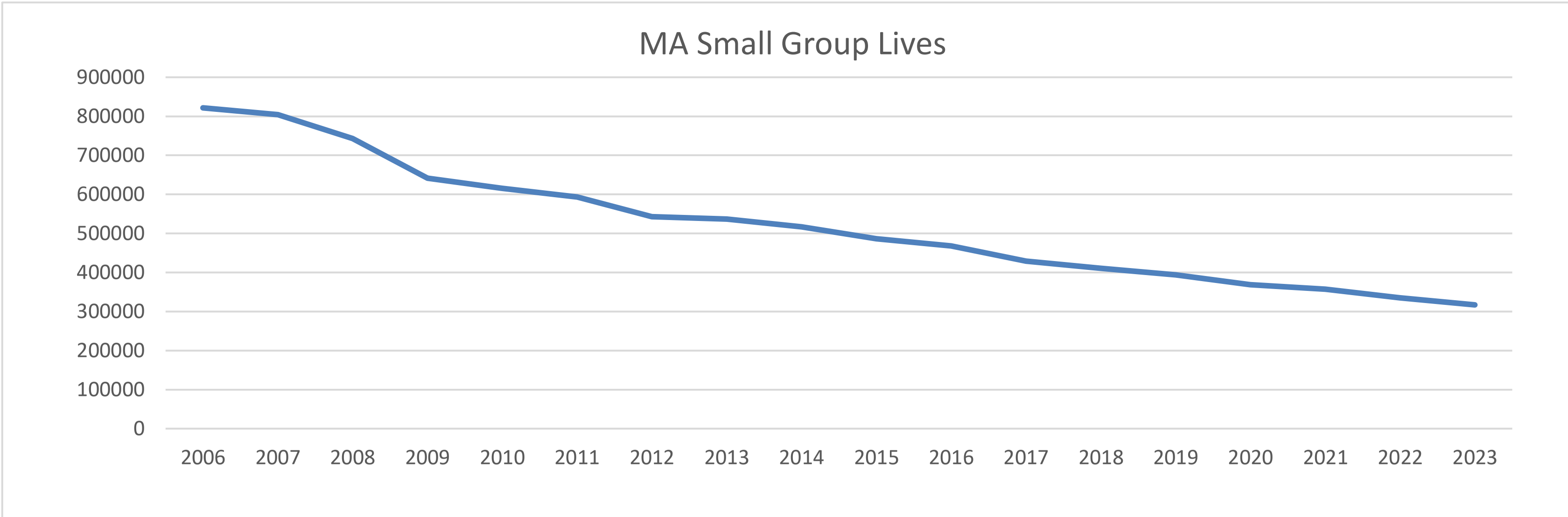
Retailers Association of Massachusetts
Annual Health Insurance Increases - 2025



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	AVG
RAM Increases	12	13	19	7	22	17	6.6	4.29	11	11	11	12.7	10.95	6.8	7.7	7.64	10.96	11	7.5	12.06	11.06
GIC Increases	7.3	3.75	6.37	3.19	8	2.4	1.43	3.5	1	9	3.6	3.8	0	0	5.1	5.2	5.4	5.4	8.5	12.7	4.782
Inflation Rate	3.24	2.85	3.85	-0.34	1.64	3.16	2.07	1.47	1.62	1.9	2.2	1.7	2.2	2.3	1.6	4.5	6.1	4.2	3.3	3.1	2.6
HPC Benchmark								3.6	3.6	3.6	3.6	3.6	3.1	3.1	3.1	3.1	3.1	3.6	3.6	3.6	3.4



2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
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