

2025

HEALTH CARE COST TRENDS HEARING

WORKING TOGETHER TO SAFEGUARD THE
COMMONWEALTH'S COMMITMENT TO HEALTH
CARE AFFORDABILITY, ACCESS, AND EQUITY

Wednesday, November 12, 2025

8:30 AM – 4:30 PM

#CTH25



MASSACHUSETTS
HEALTH POLICY COMMISSION

2025

HEALTH CARE COST TRENDS HEARING

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CALL TO ORDER AND WELCOME

David Seltz, Health Policy Commission Executive Director

In January 2025, Chapters 342 and 343 of the Acts of 2024 were signed into law, significantly expanding the HPC's existing priorities and statutory authority.



An Act relative to pharmaceutical access, costs, and transparency

- Improved state oversight of the pharmaceutical industry, including pharmacy benefit managers (PBMs)
- Capped out-of-pocket costs for drugs to treat asthma, diabetes, and certain common heart conditions
- Established the Office of Pharmaceutical Policy and Analysis (OPPA) within the HPC

An Act enhancing the market review process

- Strengthened state oversight of private equity investment in health care
- Reinvigorated statewide health planning with increased data collection and agency coordination
- Established the Office of Health Resource Planning (OHRP) within the HPC



The HPC required 50 health care market participants to submit written testimony before the 2025 Cost Trends Hearing.



- In partnership with the Office of the Attorney General, the HPC requires pre-filed testimony (PFT) annually to engage with a broad range of Massachusetts health care market participants, in addition to the witnesses called to testify in-person.
 - Chapters 342 and 343 of the Acts of 2024 required **additional market participants** to provide public testimony.

Health care entities are asked address topics such as:

- Recent and ongoing federal policy changes
 - Workforce challenges
 - Investments in and access to primary care
 - Prescription drug spending trends
 - Direct-to-consumer prescription drug programs
 - Access to biosimilars
 - Private equity involvement in Massachusetts health care
 - Health care affordability
- PFT responses were due October 31, 2025, and have been posted in full on the [testimony webpage](#) of the HPC's website.





“

“As we continue to navigate the challenging environment created by evolving federal policy changes, it is time we move forward with a real affordability agenda.”

– Point32Health

“

“Administrative complexity and workforce shortages are inextricably linked.”

– Tufts Medicine

“

“A lifesaving drug is not effective if the patient who needs that drug cannot afford it.”

– Merck & Co.

“

“Massachusetts has been a national leader in health policy thinking before – we can (and must) do it again.”

– Community Care Cooperative (C3)

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RESEARCH PRESENTATION

**State and Federal Policy Landscape:
Impacts on Health Care in Massachusetts**

Audrey Shelto, President and CEO, Blue Cross Blue Shield of Massachusetts Foundation

NOVEMBER 12, 2025

STATE AND FEDERAL POLICY LANDSCAPE

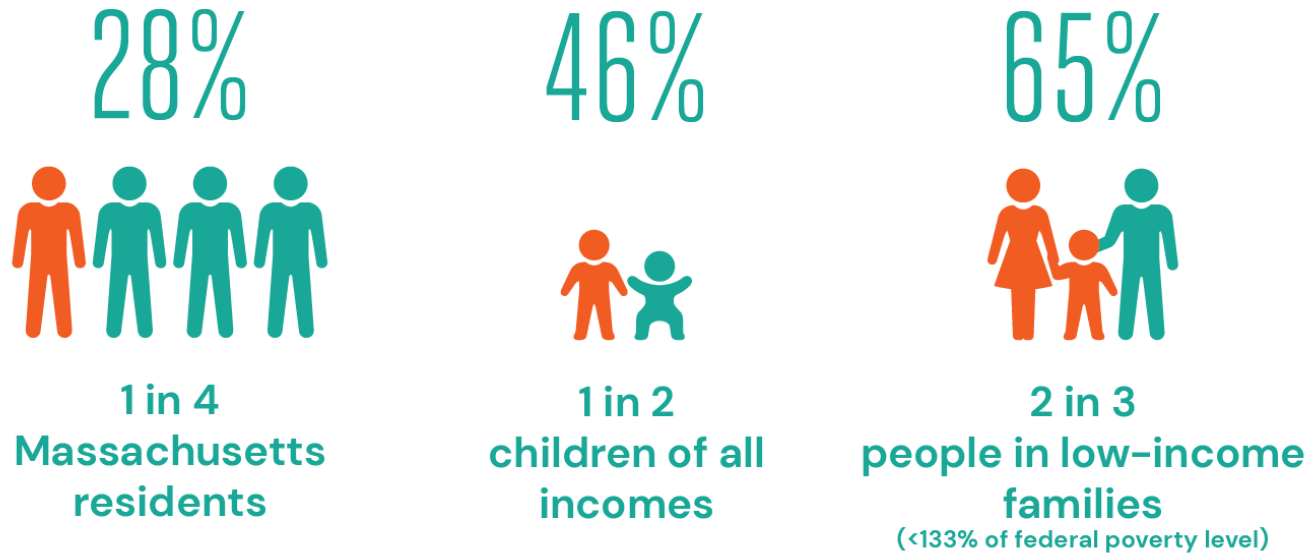
Impacts on Health Care in Massachusetts

Audrey Shelto
President & CEO
Blue Cross Blue Shield of Massachusetts Foundation

MASSHEALTH: COVERAGE

MassHealth is important to many population groups, covering more than one in four state residents — around 2 million people — including low-income children, seniors, pregnant people, and people with disabilities.

MassHealth provides access to health care for more people than many realize, including:



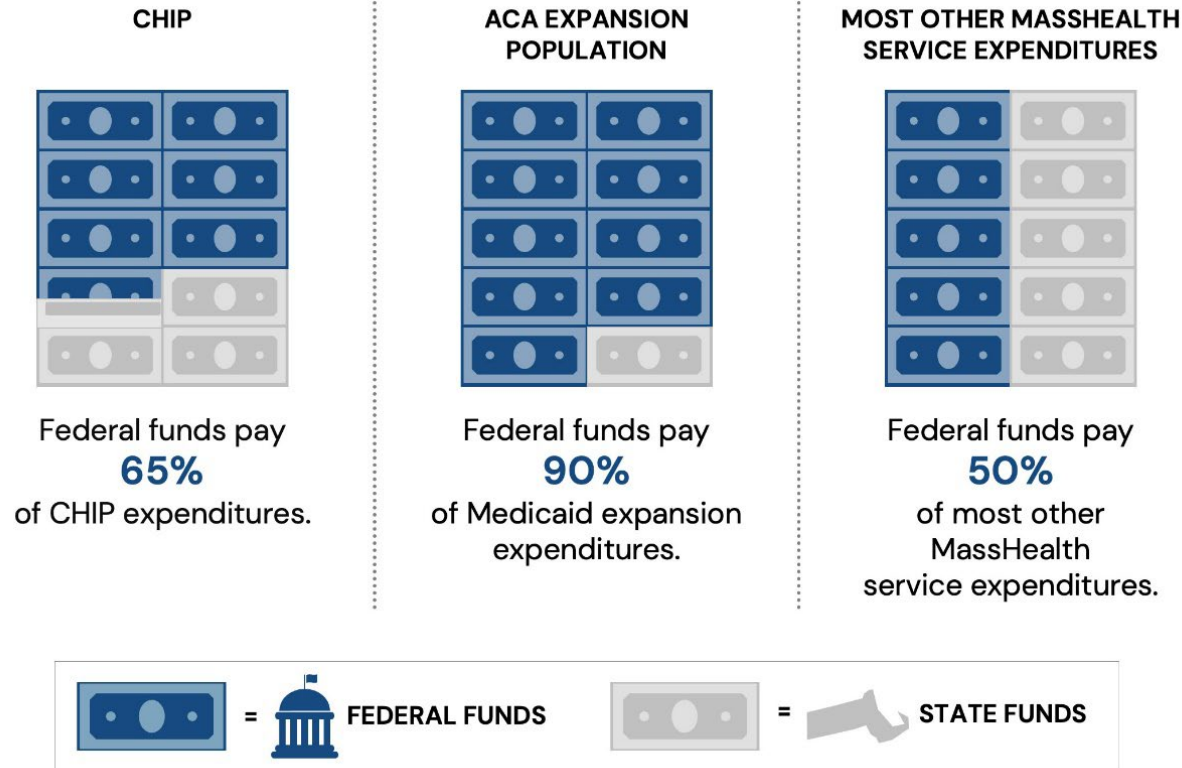
“Without [MassHealth], we couldn’t survive.”



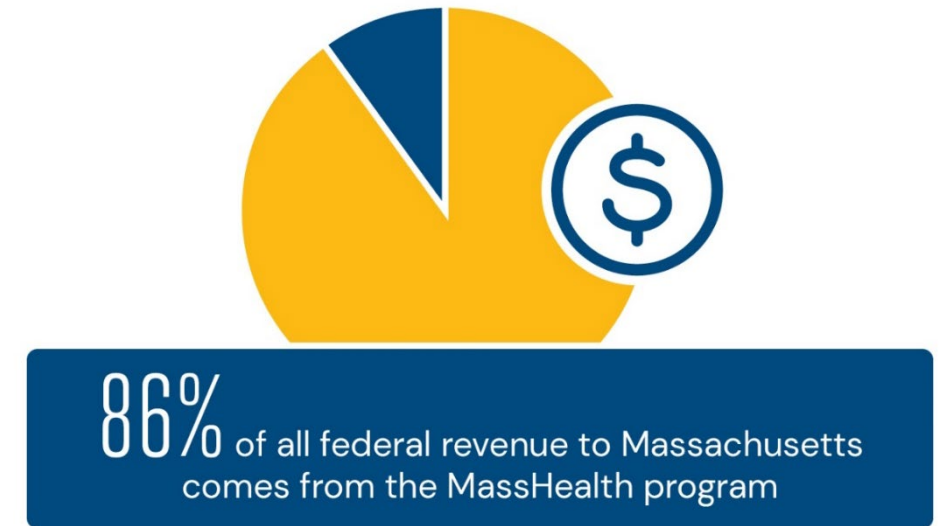
Note: These data are based on enrollment in state fiscal year (SFY) 2024

MASSHEALTH: PROGRAM SPENDING AND FEDERAL REVENUES

FEDERAL AND STATE SHARES OF MASSHEALTH EXPENDITURES, TYPICAL LEVELS



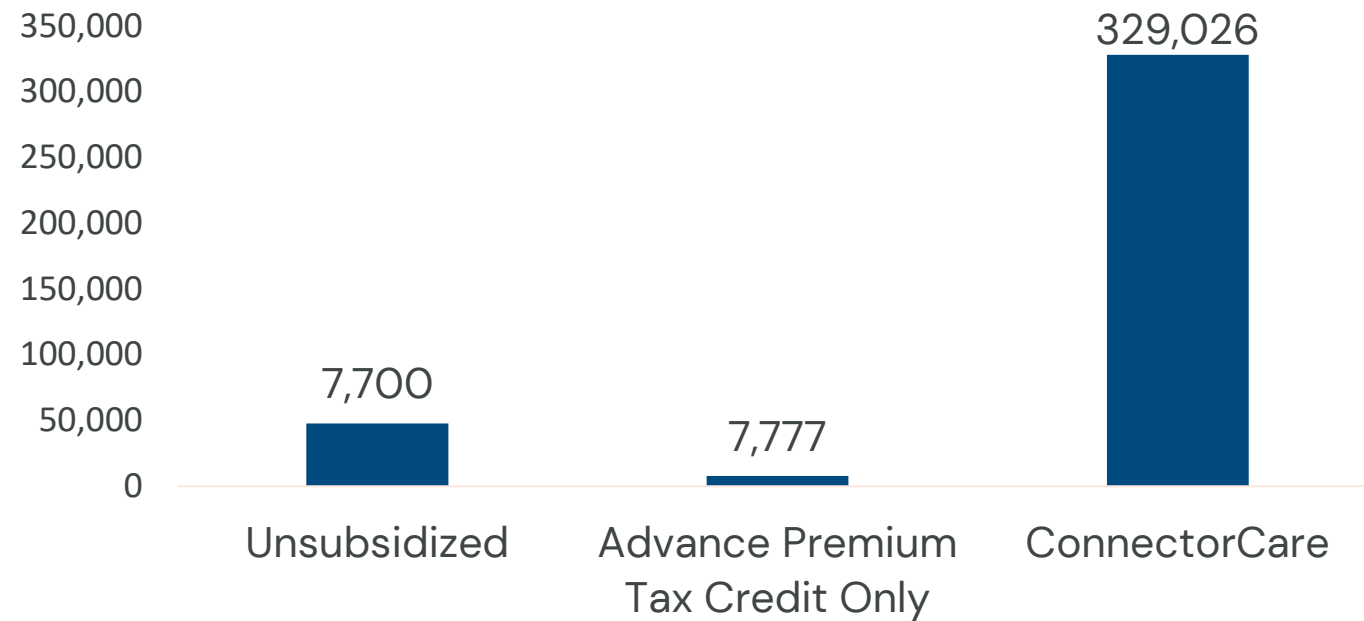
MassHealth brings in **\$12.3 BILLION** in federal revenues to support the state economy.



Note: The federal revenue data are based on MassHealth program revenue for state fiscal year 2025.

MASSACHUSETTS HEALTH CONNECTOR: OVERVIEW

The Health Connector provides health insurance coverage to almost 400,000 individuals and families in Massachusetts.



KEY MEDICAID AND MARKETPLACE PROVISIONS IN OB3

Three Areas of Health Care Cuts

**MEDICAID
ELIGIBILITY**

**MEDICAID
FINANCING**

**MARKETPLACE
ELIGIBILITY**

MEDICAID ELIGIBILITY CUTS: WORK REQUIREMENTS & SIX-MONTH REDETERMINATIONS

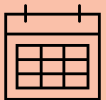
WORK REQUIREMENTS

Requires states to implement work reporting/ community engagement requirements as a condition of Medicaid eligibility for certain adults.

SIX-MONTH REDETERMINATIONS

Requires states to redetermine Medicaid eligibility every six months, instead of every 12 months, for certain adults.

- **Requirements primarily apply to people who:***
 - ✓ Are adults under 65,
 - ✓ Do not have dependent children, and
 - ✓ Are not enrolled in or applying for MassHealth on the basis of a disability or pregnancy



Effective Date: January 1, 2027**

*The populations likely affected by work requirements and six-month redeterminations are highly likely to change based on forthcoming CMS guidance and further analysis. There may also be some distinct differences between the populations subject to work requirements and those subject to six-month renewals. Lastly, certain individuals may qualify for an exemption (e.g., "Medically Frail") from these requirements.

**If state is demonstrating a "good faith" effort to comply with requirements, U.S. Health and Human Services Secretary can issue an exemption through December 31, 2028. States also have the option to start their program sooner than January 1, 2027.

MEDICAID ELIGIBILITY CUTS: IMMIGRANT COVERAGE RESTRICTIONS

Eliminates Medicaid and CHIP eligibility for many lawfully present immigrants. As a result of this change, the state estimates **~2,500 people will lose their coverage**.

Eligibility is restricted to the following:

- ✓ Lawful permanent residents ("green card holders") – after 5 years
- ✓ Certain Cuban and Haitian immigrants
- ✓ Compact of Free Association (COFA) migrants lawfully residing in the U.S.
- ✓ At the state option, lawfully residing children and pregnant people

Eliminates eligibility for:

- ✗ Refugees
- ✗ Individuals granted parole for at least one year
- ✗ Individuals granted asylum or related relief
- ✗ Individuals from Iraq and Afghanistan admitted on special immigrant visas, certain abused spouses and children
- ✗ Certain victims of trafficking
- ✗ Native American tribal members who were born in Canada



Effective Date: October 1, 2026

MEDICAID FINANCING CUTS: PROVIDER TAXES & STATE DIRECTED PAYMENTS

The law cuts federal Medicaid funding in a number of ways, including by placing new restrictions on **provider taxes** and **State Directed Payments**.

WHAT ARE PROVIDER TAXES?

Provider taxes are assessments on health care providers that Massachusetts – and all but one other state – uses to finance Medicaid.

OB3 restrictions on provider taxes:

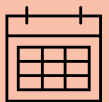
- ✓ Immediate moratorium on new or increased provider taxes.
- ✓ Requirement that expansion states with a current provider tax rate above 3.5% (except on nursing homes) reduce its tax starting in fiscal year 2028.*^

WHAT ARE STATE DIRECTED PAYMENTS (SDPs)?

Rates Medicaid programs require managed care organizations to pay to providers.

OB3 restrictions on SDPs:

- ✓ Limiting SDPs for certain services in expansion states to 100% of Medicare rates.
- ✓ Requiring expansion states with SDPs above Medicare rates for certain services to reduce payments, starting in 2028.**^



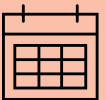
Effective Dates: *October 1, 2027; **January 1, 2028

Note: ^Effective July 4, 2025: Moratorium on new or increased provider taxes; new SDPs subject to limit on provider rates not to exceed 100% of Medicare (Medicaid expansion states).

MARKETPLACE ELIGIBILITY CHANGES

Eliminates eligibility for subsidized coverage for many lawfully present immigrants. As a result of this change, the state estimates that **over 60,000 people will lose their coverage**.

1. Lawfully present immigrants with incomes under 100% of the federal poverty level (FPL)* who not qualify for MassHealth due to immigration status, will no longer be eligible for subsidized coverage (ConnectorCare).
2. Many lawfully present immigrants with income above 100% FPL** will no longer be eligible for subsidized coverage.

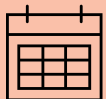


Effective Dates: *January 1, 2026; **January 1, 2027

MARKETPLACE ELIGIBILITY CHANGES (PENDING)

Enhanced Premium Tax Credits (EPTCs), established by Congress in 2021, deepened health insurance subsidies for people already eligible and expanded subsidies to people not previously eligible. Expiration of these enhanced tax credits will result in **significant premium increases** for some individuals and **elimination of subsidized coverage** through the Marketplace, or Health Connector, for others.

- Open enrollment has begun; Massachusetts residents have been receiving final eligibility notices, including premium information for 2026, that reflect elimination of these enhanced subsidies.
- People with income above 400% FPL will **no longer qualify for subsidized coverage; this is ~ 27,000 current Health Connector members.**
- People with income up to 400% FPL will still qualify for subsidized coverage, but the **subsidies will be smaller, and people will need to determine if coverage is affordable for them.**



ePTCS expire January 1, 2026, unless extended

IMPACTS OF OB3 IN MASSACHUSETTS

COVERAGE IMPACTS

- State estimates project about **300,000 people** losing MassHealth or Health Connector coverage over the next decade:
 - 200,000 estimated to lose MassHealth
 - 100,000 people estimated to lose Health Connector coverage
- Key drivers of these coverage losses:
 - Work Requirements and Six-Month Redeterminations
 - Changes in eligibility related to immigration status

Six-Month Redetermination and Work Requirements: Impacts on Health Coverage in Massachusetts

SEPTEMBER 2025



Matthew Buettgens
Jameson Carter
Jessica Banthin
Urban Institute

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34,000 Mass. residents will lose health coverage Jan. 1 following federal cuts

August 27, 2025 By [Martha Rebinger](#)



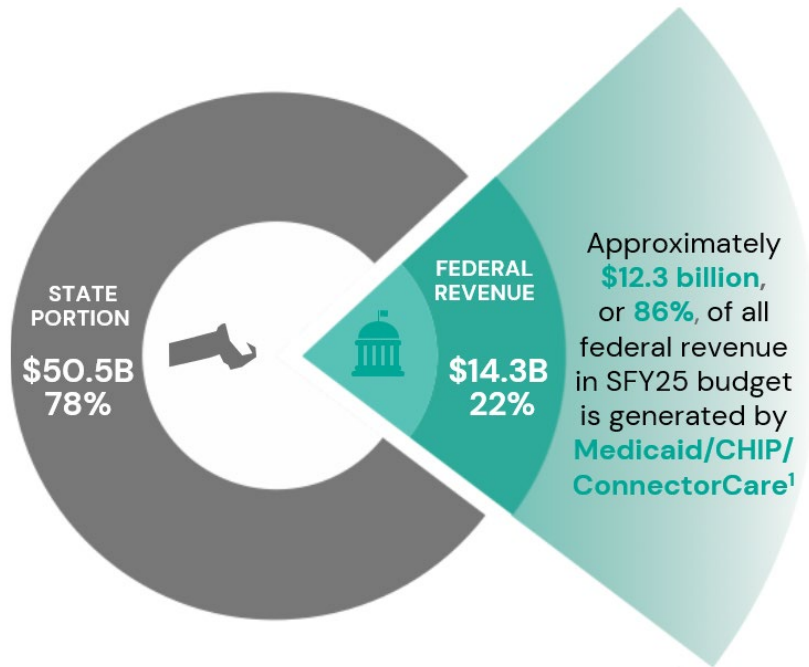
U.S. Speaker of the House Mike Johnson addresses the media after the House narrowly passed a bill forwarding President Trump's agenda at the U.S. Capitol on May 22. (Kevin Dietsch/Getty Images)

Roughly 34,000 legal immigrants in Massachusetts will be the first group of residents to lose government-subsidized health insurance under changes signed into law by President Trump last month. Most are working-age adults,

IMPACTS TO FUNDING, THE DELIVERY SYSTEM, & BROADER HEALTH CARE ACCESS

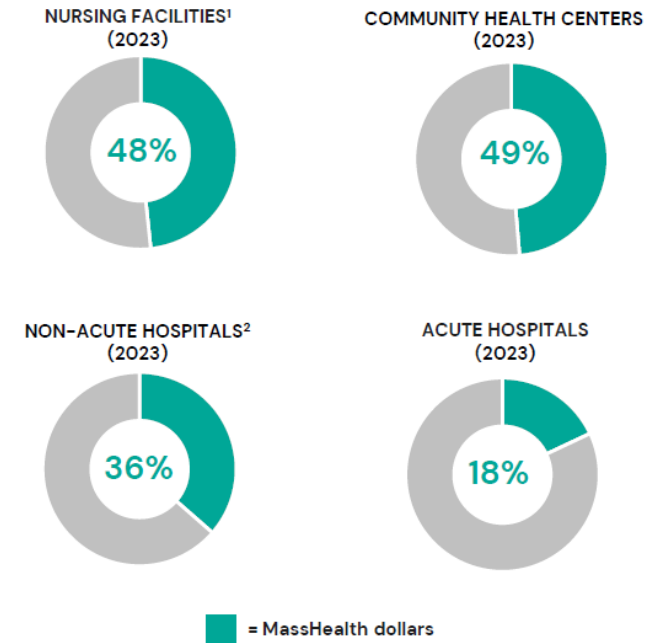
The state estimates that Massachusetts will lose **\$3.5 billion annually** once all health care provisions included in OB3 are in place. As people lose their coverage, providers will face increasing uncompensated care costs and reduced revenues from MassHealth.

MASSACHUSETTS STATE BUDGET (\$64.8 BILLION), SFY 2025



Note: Medicaid in this context includes MassHealth, and ConnectorCare premium and cost sharing subsidies; additional MassHealth 1115 waiver spending; and spending on some programs and facilities that serve people eligible for MassHealth and are administered by the Departments of Developmental Services, Mental Health, and Public Health, and MassAbility (formerly the Massachusetts Rehabilitation Commission).

MASSHEALTH REVENUE AS A PERCENTAGE OF PROVIDERS' TOTAL PATIENT REVENUES



¹ Medicaid revenue includes the following: Medicaid fee-for-service revenue, Medicaid Managed Care revenue, patient paid amount, Medicaid PACE and SCO revenue, and out-of-state Medicaid revenue.

² Includes spending for freestanding home health agencies primarily engaged in providing skilled nursing services in the home and other home-based supports.

THANK YOU

Audrey Shelto
President & CEO
Blue Cross Blue Shield of Massachusetts
Foundation
audrey.shelto@bcbsma.com

SOURCES

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- Slide 2: **Source:** [MassHealth Basics Report, October 2025](#); **Source:** Faces of MassHealth: Coverage Across the Commonwealth,
Slide 3: **Source:** [MassHealth Basics Report, October 2024](#); [What is the Actual State Cost of MassHealth in FY 2025](#); [MassHealth Matters to Massachusetts](#).
Slide 4: **Source:** Health Connector Monthly Dashboard, October 2025.
Slide 12: **Source:** [Six Month Redetermination and Work Requirements: Impacts on Massachusetts](#)
Slide 13: **Source:** Chart Data: N. Wagman. ["What is the Actual Cost of MassHealth in State Fiscal Year 2025?"](#) BCBSMA Foundation. May 2024.

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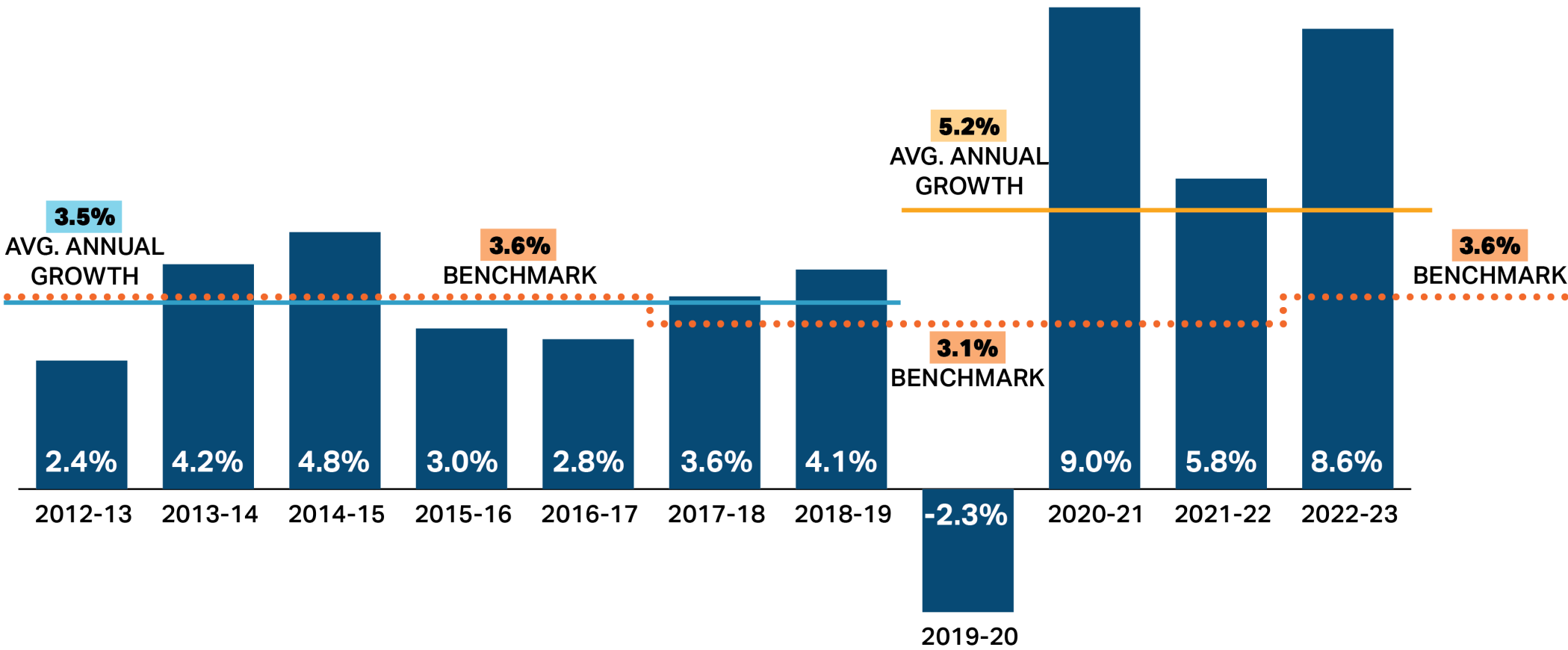
RESEARCH PRESENTATION

**Health Care Cost Trends in Massachusetts
and the Imperative to Advance Affordability**

David Seltz, Executive Director, Health Policy Commission

In Massachusetts, health care spending growth was below the benchmark from 2012 to 2017 but has accelerated in recent years.

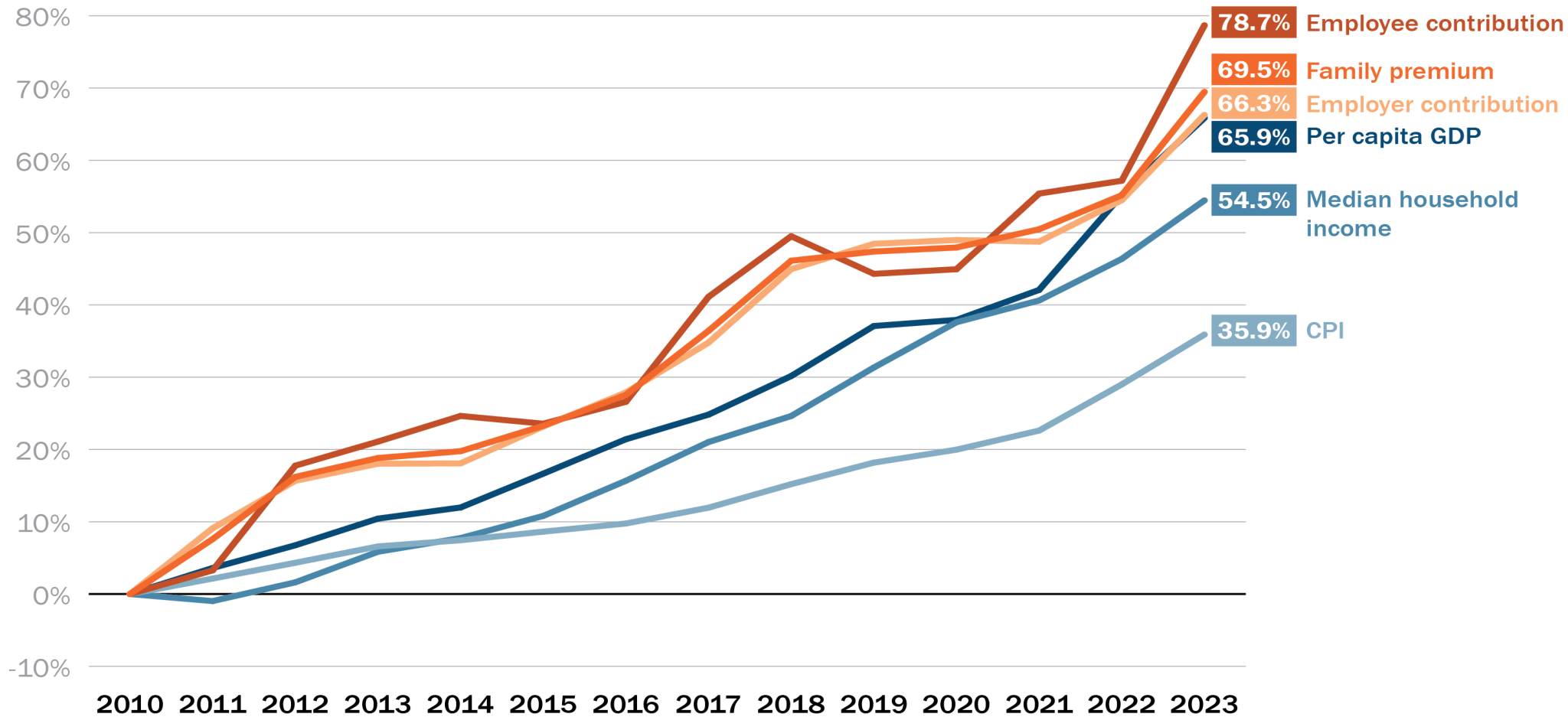
Annual growth in total health care expenditures per capita in Massachusetts, 2012-2022



The growth in health insurance costs in Massachusetts continues to far exceed increases in household income, inflation, and other indicators of economic growth.



Cumulative growth since 2010 of various health care and economic indicators in Massachusetts

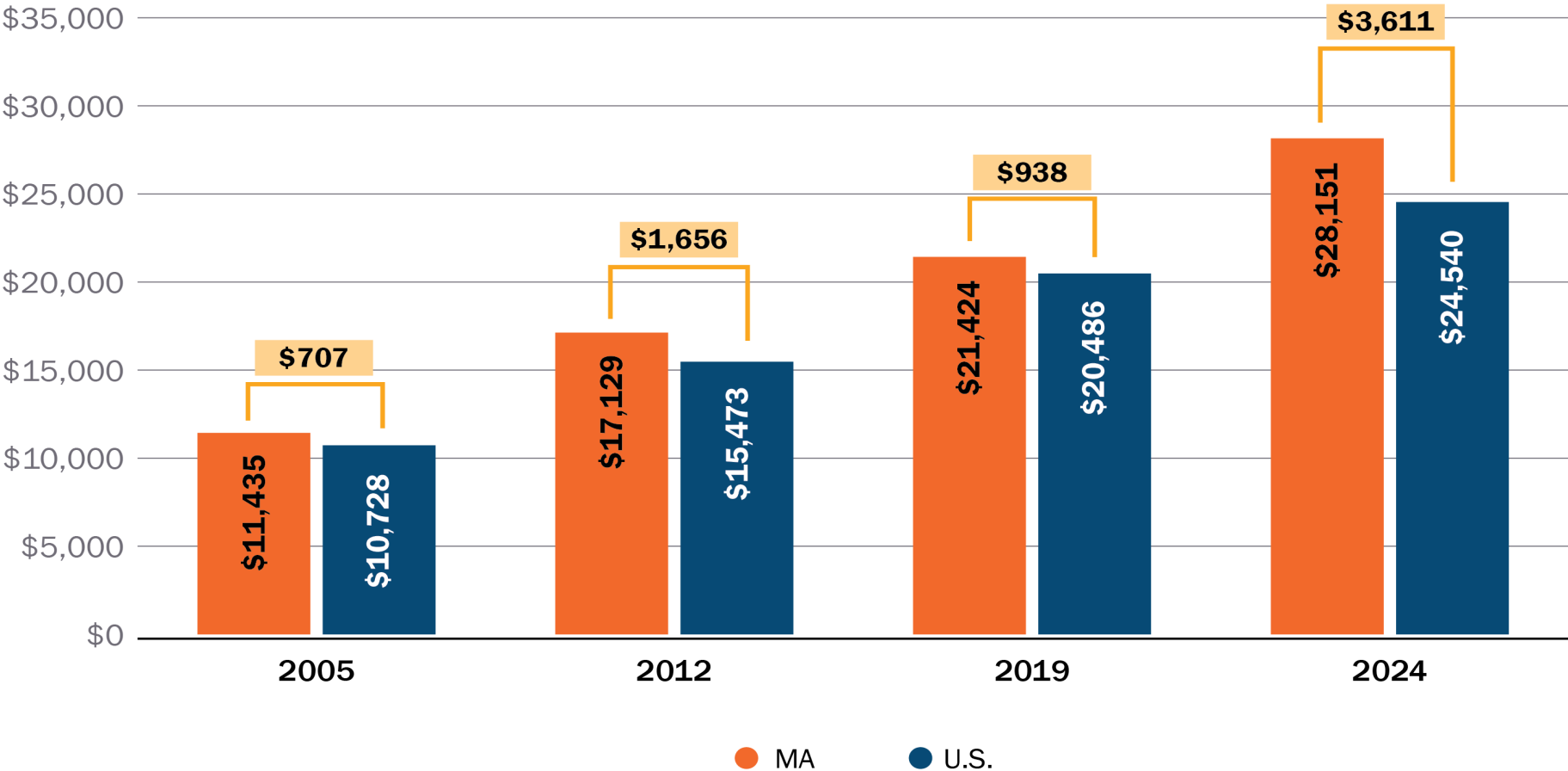


Sources: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, American Community Survey, and Bureau of Labor Statistics

Premiums in Massachusetts, with growth outpacing national trends in recent years, grew an additional 7% in 2024, leading to the highest premiums in the U.S.



Average family premium for employer-based coverage, including employer and employee contribution

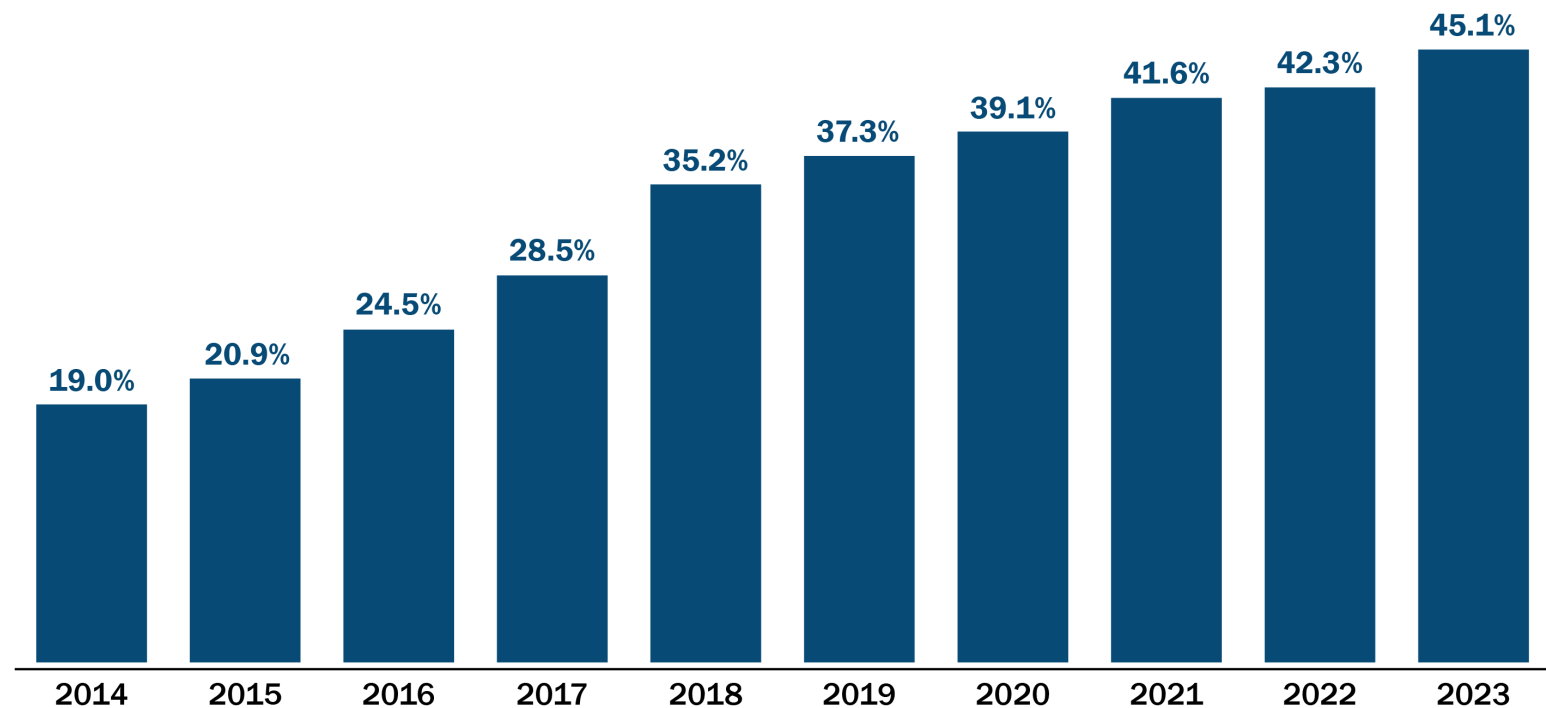


➤ Family health insurance premiums in Massachusetts exceeded the national average by \$3,611, or 15%, in 2024.

Out of pocket spending is also increasing as residents and businesses adopt high-deductible health plans (HDHP) to limit premium increases.



Percentage of Massachusetts commercial enrollees with a high-deductible health plan, 2014-2023



- The average deductible for a family plan rose from **\$2,377 in 2014 to \$3,128 in 2023.**
- Survey data from CHIA shows that those with HDHPs are **more likely to report having medical debt** (19.5% vs. 11.6%)¹.

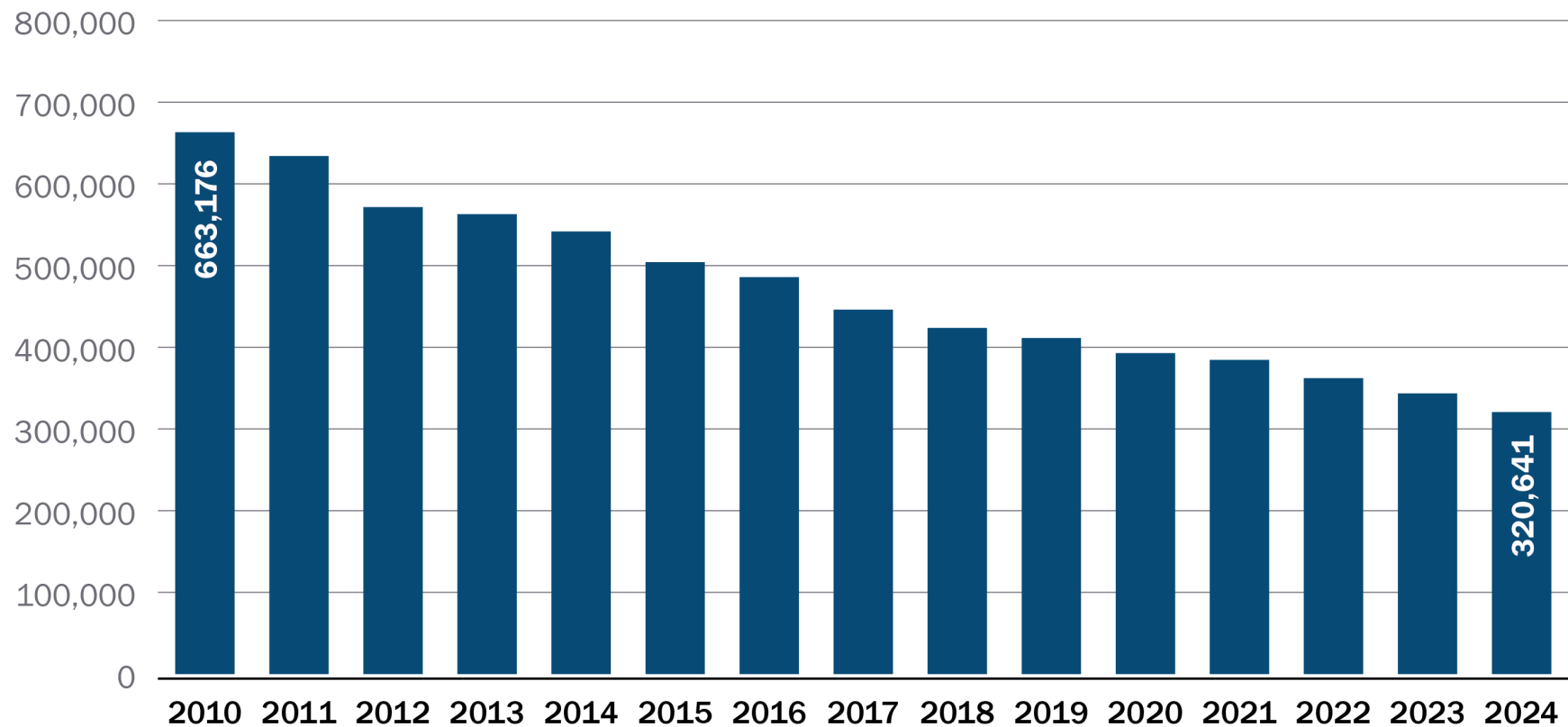
1.<https://www.chiamass.gov/assets/docs/r/publics/2021/Inside-Look-High-Deductible-Plans.pdf>

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 2015-2017; \$1,350/\$2,700 in 2018-2019, \$1,400/\$2,800 for 2020-2022 and \$1500/\$3,000 for 2023. GIC plans do not allow high deductibles.
Sources: Center for Health Information and Analysis, Annual Report on the Performance of the Massachusetts Health Care System, 2016-2025.

Small businesses face both higher premiums and higher deductibles than larger employer groups. Enrollment in the small group market has declined by more than half since 2010.



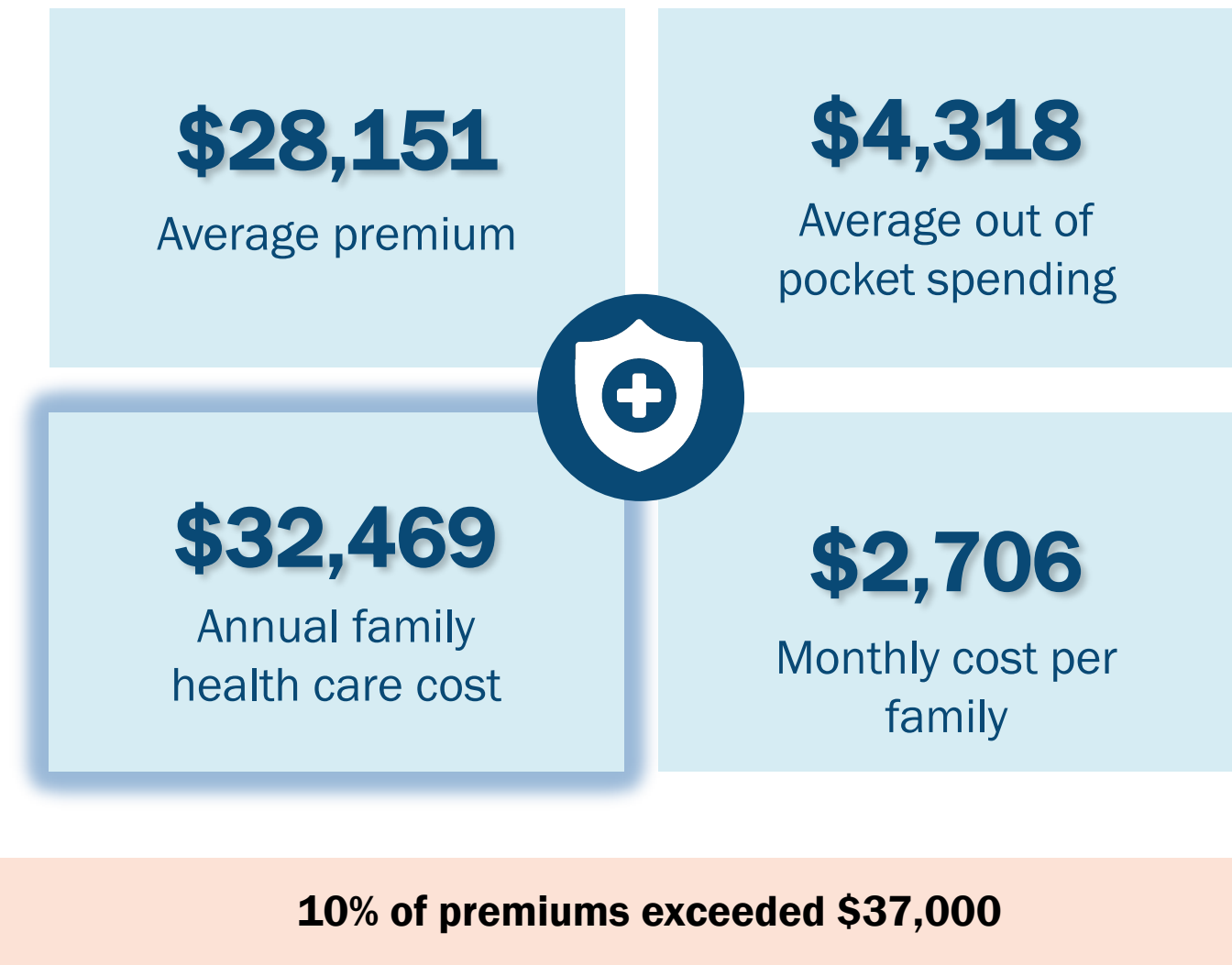
Small group enrollment, employer-sponsored insurance only, 2010–2024



- Average family deductibles for small business enrollees were **\$5,769 compared to \$3,377**.
- **76.5% enrollees were in a HDHP** in 2023.
- Premiums were also higher: **\$28,800 versus \$28,000**.
- **Out of pocket health care spending increased 12.7%** in 2023 for those receiving coverage through small businesses.

Notes: Enrollment reflects membership in commercial carriers and health maintenance organizations.
Source: HPC's analysis of enrollment data from Massachusetts Division of Insurance, Individual/Small Group Membership Report, 2010-2024 and Medical Expenditure Panel Survey (Insurance Component), Agency for Healthcare Research and Quality

Including out of pocket spending, the average cost of health care coverage for a Massachusetts family exceeded \$32,000 in 2024.



Notes: Cost sharing amount based on data on cost sharing relative to premium payments in from CHIA’s Annual Report, 2024. Source: Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey-Insurance Component and Center for Health Information and Analysis, Annual Report, 2024

High health care costs contribute to a cost of living that is increasingly unaffordable for middle-class families across Massachusetts.



Cost of living expenses and median income for a two-parent, two-child family in two Massachusetts counties, 2024

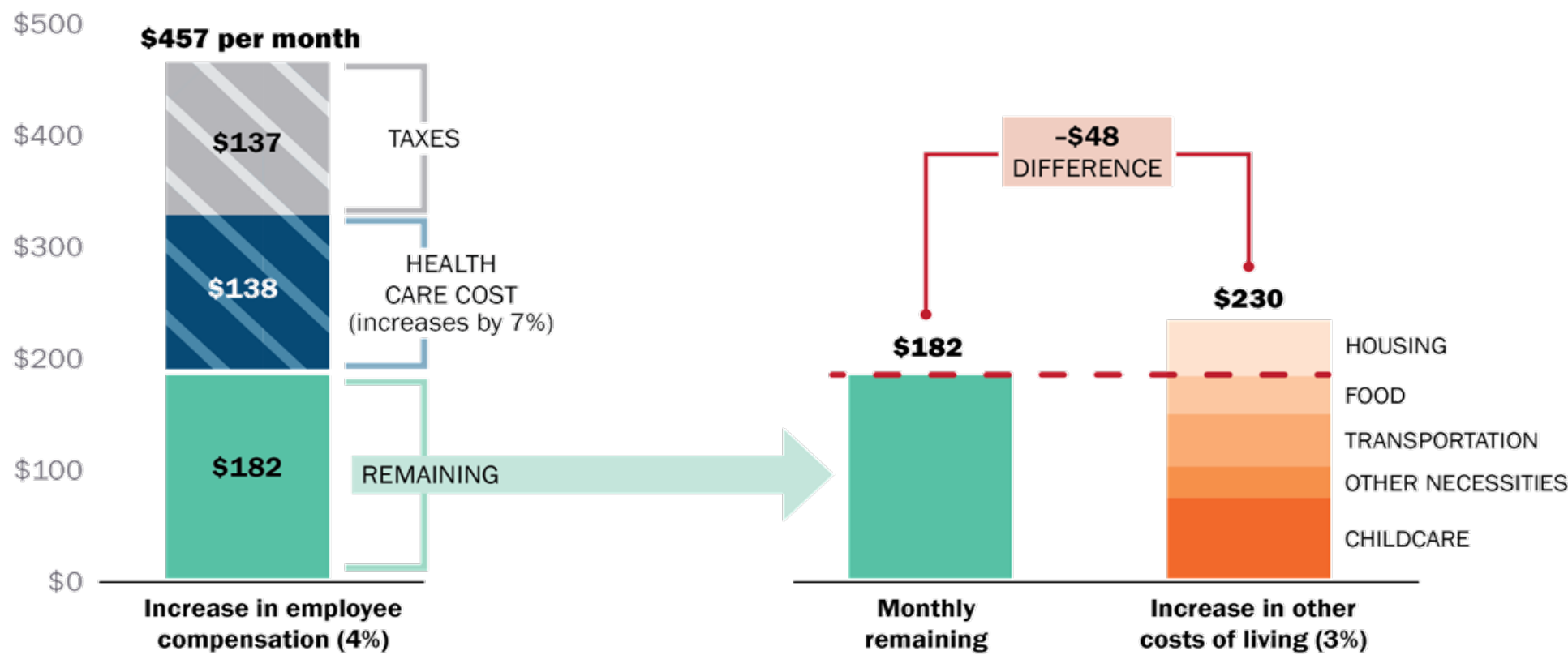


Notes: Budget data in 2024 dollars. Data based on a two-parent, two-child family. Health care costs reflect average family premiums and out of pocket spending for Massachusetts families with employer-sponsored coverage. Employer contribution to health care premium is included in income.
Source: HPC's analysis of Economic Policy Institute Family Budget Calculator, January 2025 and AHRQ Medical Expenditure Panel Survey, Insurance Component, 2024.

Affordability continues to worsen as the acceleration in health care costs leave families without enough take home pay to cover increases in basic costs of living.



Change in monthly income and expenses for a Massachusetts family with annual earnings of \$122,000 receiving a 4% increase in total compensation from their employer, a 3% increase in prices of other goods and a 7% increase in health insurance premiums and out of pocket spending



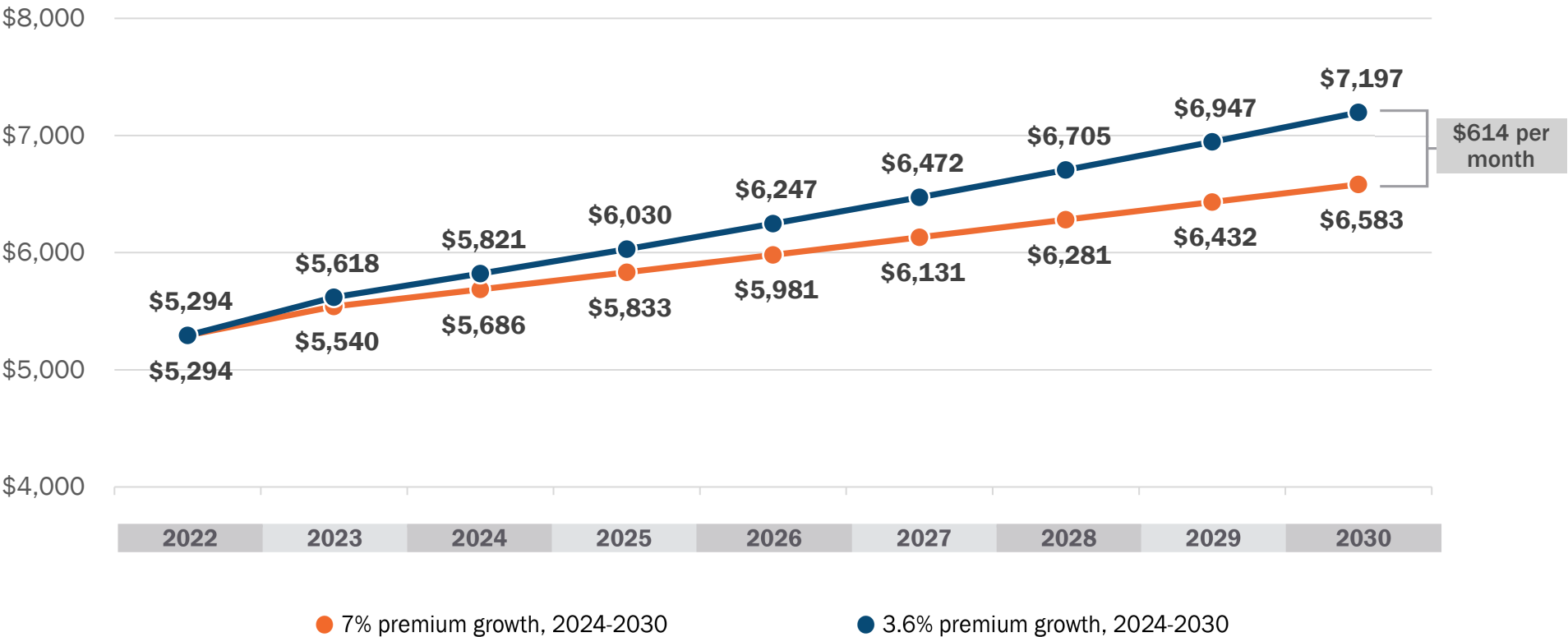
Notes: Data based on a two-parent, two-child family in 2024 with total earnings of \$122,000 and coverage through their employer. Health care costs reflect 2024 data. Employer contribution to health care premium is included in income. Calculation assumes 75% of employer premium payments are reflected as a deduction from total employee compensation for the employee shown. Prices for all other items are assumed to increase 3%. Marginal tax rate is assumed to be 30%. A 4% raise is slightly above average employee compensation increases in the Boston area in 2024.

Source: HPC's analysis of Economic Policy Institute Family Budget Calculator, January 2025 and AHRQ Medical Expenditure Panel Survey, Insurance Component, 2024. Bureau of Labor Statistics CPI-U for Massachusetts and the Employment Cost Index for the Boston metro area and Massachusetts Division of Insurance.

If health care costs continue to grow at the current rate, an average family in Massachusetts would see a reduction in take-home pay of more than \$600 per month by 2030.



Projected monthly take-home pay after taxes and health care costs for an average Massachusetts household with employer-based coverage and 3.6% annual growth in total compensation from their employer under two scenarios of premium growth



➤ With long-run 7% premium growth, **average family premiums would reach \$42,300 in 2030** versus \$32,100 in the 3.6% growth scenario.

Notes: This analysis assumes out of pocket spending also grows at the rate of premium growth shown. Assumes that an employee taking up family coverage from their employer bears the full cost of the employee premium contribution and 75% of the employer contribution to their premium as reduced wages (with the remainder spread across the employer’s workforce in general).

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