MASSACHUSETTS
HEALTH POLICY COMMISSION

2026
HEALTH CARE COST TRENDS HEARING

THE AFFORDABILITY IMPERATIVE:
SECURING A SUSTAINABLE HEALTH CARE FUTURE

TUESDAY, NOVEMBER 10, 2026

8:30AM – 4:30PM

#CTH26

MASSACHUSETTS
HEALTH POLICY COMMISSION

2026
HEALTH CARE COST TRENDS HEARING

CALL TO ORDER AND WELCOME

Deborah Devaux, HPC Board Chair
David Seltz, HPC Executive Director

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HEALTH POLICY COMMISSION

2026
HEALTH CARE COST TRENDS HEARING

OPENING REMARKS

The Honorable Andrea Joy Campbell, Attorney General

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HEALTH POLICY COMMISSION

2026
HEALTH CARE COST TRENDS HEARING

RESEARCH PRESENTATION

The Affordability Imperative: From Research to Reform

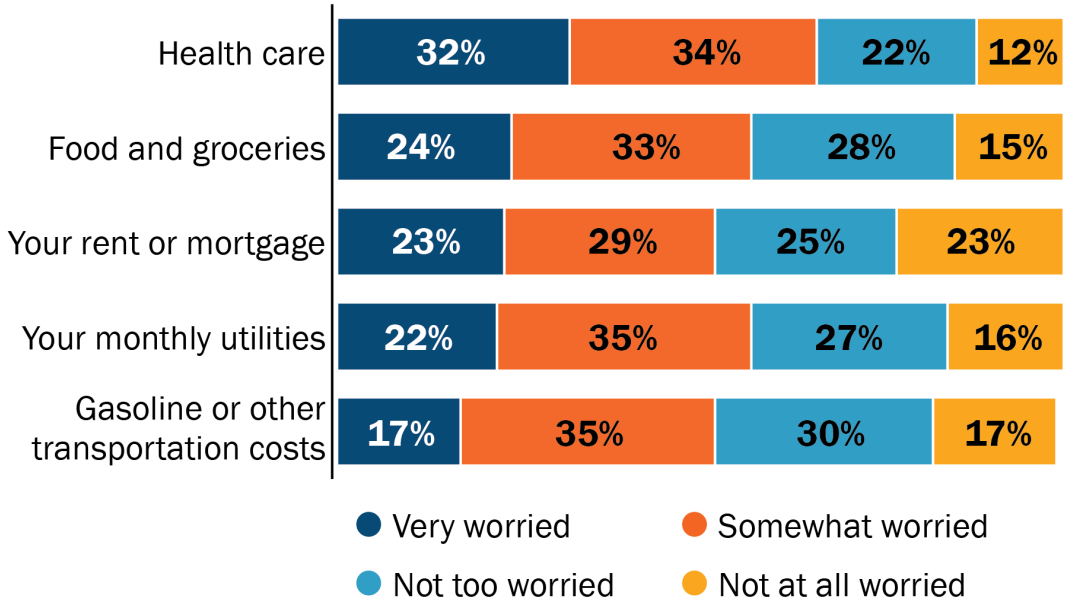
David Seltz, HPC Executive Director

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Health care affordability is the top worry among households across the country.

Health Care Costs Are the Top Household Expense the Public Worries About

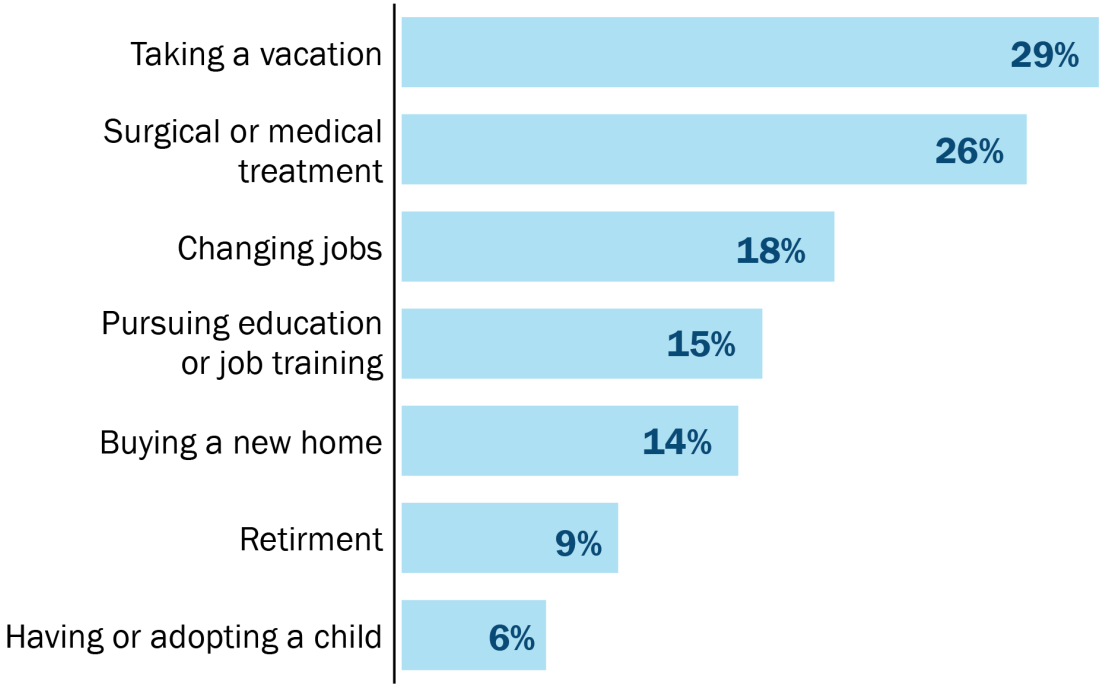
How worried, if at all, are you about being able to afford each of the following for you and your family?



Note: Health care includes the cost of health insurance and out-of-pocket costs for things like office visits and prescription drugs. Monthly utilities include electricity or heat. See topline for full question wording.

Share of U.S. Adults Who Say They Postponed Life Events in the Past Four Years Due to Health Costs

Survey of 5,600 adults conducted Oct. 22 to Dec. 27, 2025



Sources: KFF Health Tracking Poll, January 2026. https://www.kff.org/public-opinion/kff-health-tracking-poll-health-care-costs-expiring-aca-tax-credits-and-the-2026-midterms/.
West Health-Gallup, Axios Visuals. "What Americans sacrifice due to high health costs." March 12, 2026. https://www.axios.com/2026/03/12/healthcare-costs-america-survey-sacrifices

Most Americans say health care is unaffordable and feel frustrated, overwhelmed or helpless about health care costs.

76%

of voters say that health care was a **top-three issue** when determining their vote.

73%

of people feel **frustrated**, **overwhelmed**, or **helpless** about health care costs.

21%

of patients paid for their care in the past year **without feeling any difficulty**.

56%

of people say that health care is **unaffordable**.

49%

say that health care feels **more expensive** than last year.

Source: https://unitedstatesofcare.org/wp-content/uploads/2023/03/2026_Peoples_Health_Care_Survey.pdf

Affordability challenges have downstream impacts beyond patients' access to care.

Access to Care

- 16% of people across the country **delayed care** until they could afford it, and another 16% **skipped care altogether** due to cost.[1]
- In Massachusetts, 28% of residents reported that they or a family member had an **unmet care need** due to the cost of care.[2]

Employment

- Among people with employer-sponsored health insurance, 71% report that this **coverage plays a role in their job decisions**, determining whether people feel comfortable changing jobs or starting a small business.[1]

Medical Debt

- **13.5% of Massachusetts residents** have family medical debt, and, for 89.6% of these residents, the debt was incurred **when they had health insurance coverage**.[2]
- 53% of those with debt reported **cutting back on savings** or taking money out of savings.[2]

Sources: (1) https://unitedstatesofcare.org/wp-content/uploads/2023/03/2026_Peoples_Health_Care_Survey.pdf (2) https://www.chiamass.gov/insights-analysis/access/massachusetts-health-insurance-survey/

Americans agree that change is needed.

76% of people surveyed think that **major or radical change is needed** to improve the country's health care system.

Across the board, respondents shared the goals of:



Access to care at a reasonable cost



Lower premiums, deductibles, and drug prices

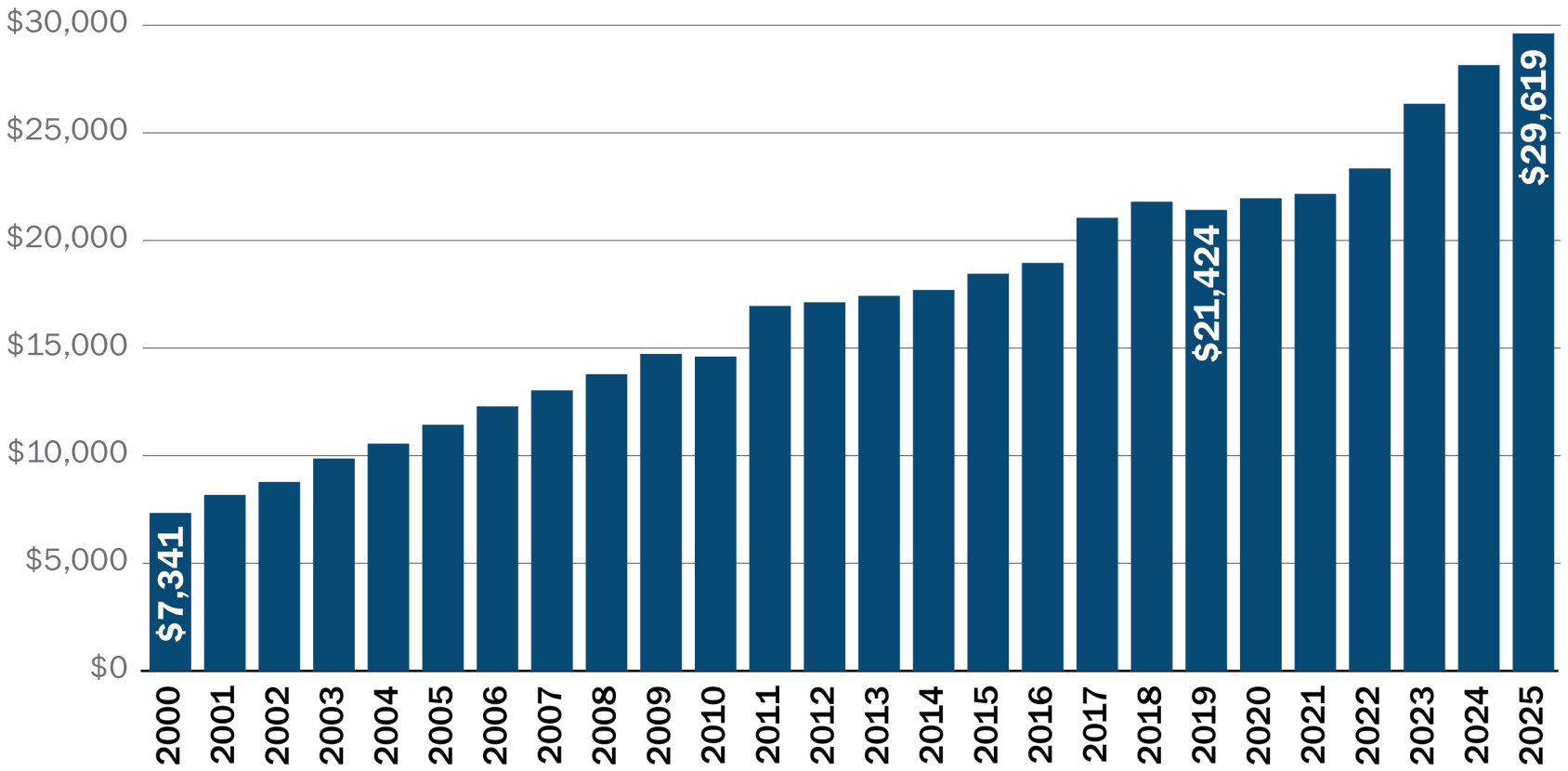


A simpler system with fewer denials and surprise bills

Source: https://unitedstatesofcare.org/wp-content/uploads/2023/03/2026_Peoples_Health_Care_Survey.pdf

Family health insurance premiums in Massachusetts grew from $7,000 per year in 2000 to nearly $30,000 in 2025, among the highest in the country.

Average family health insurance premium in Massachusetts for employer-based coverage including employer and employee contribution

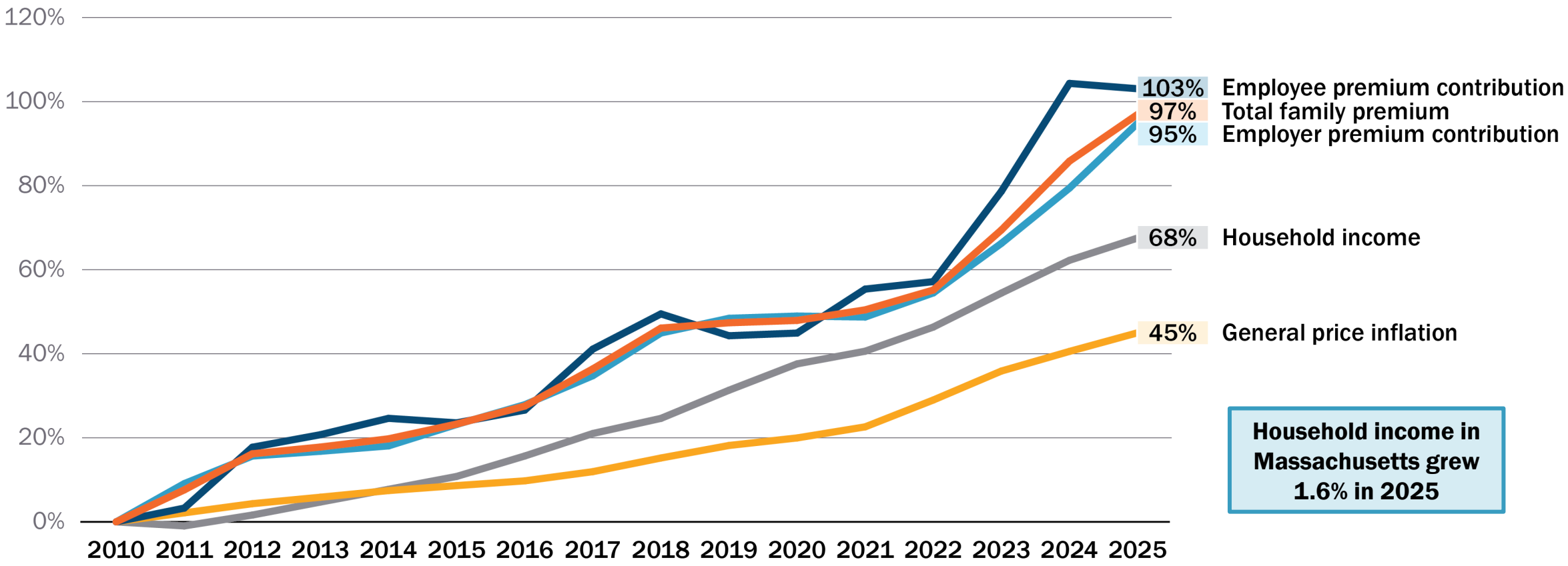


Sources: Premiums data are from the Medical Expenditure Panel Survey and represent employer-based coverage only. Merged market data from the Massachusetts DOI.

- Premiums grew 38% from 2019 to 2025 (vs 28% in the rest of the U.S.) and would reach **$50,000** by 2032 at recent rates of growth. Deductibles grew 29% during this same time period.
- 2025 premiums **exceeded $41,000** for 10% of families.
- **Future increases may be larger.** Premium growth in the merged market was **11.5%** in 2026 and **10.4%** in 2027.

Growth in health insurance premiums exceeded growth in household income, state economic growth, and inflation from 2010 to 2025.

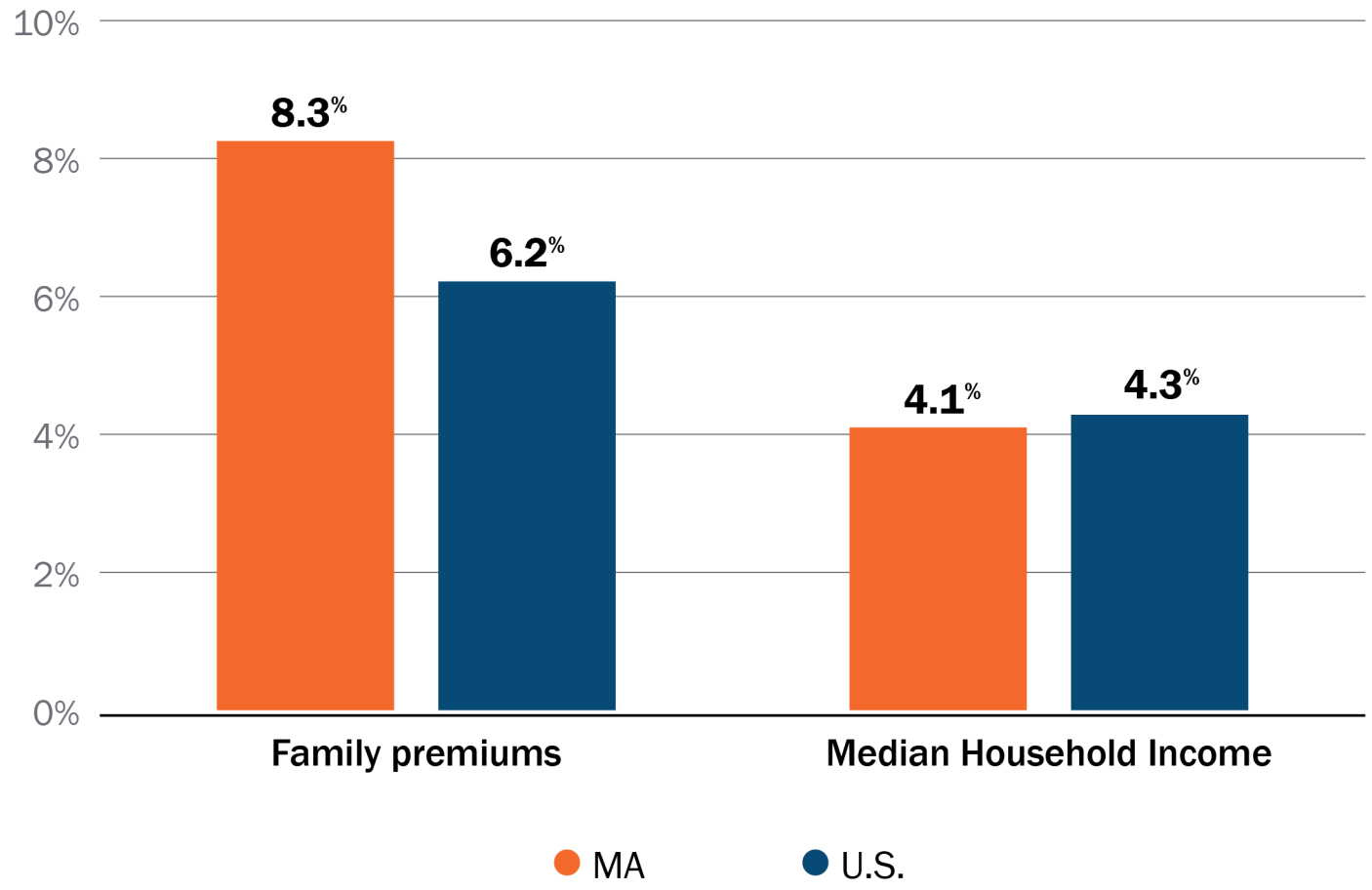
Cumulative growth since 2010 of various health care and economic indicators in Massachusetts



Sources: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, American Community Survey, and Bureau of Labor Statistics (CPI-U for the Boston/Newton/Cambridge metro area). Data points represent the average of the year shown and the previous year to smooth out trends.

Massachusetts had higher premium growth combined with slower income growth than the rest of the country from 2022 to 2025.

Average annual percentage growth from 2022 to 2025 in family premiums and average income in Massachusetts and the United States overall



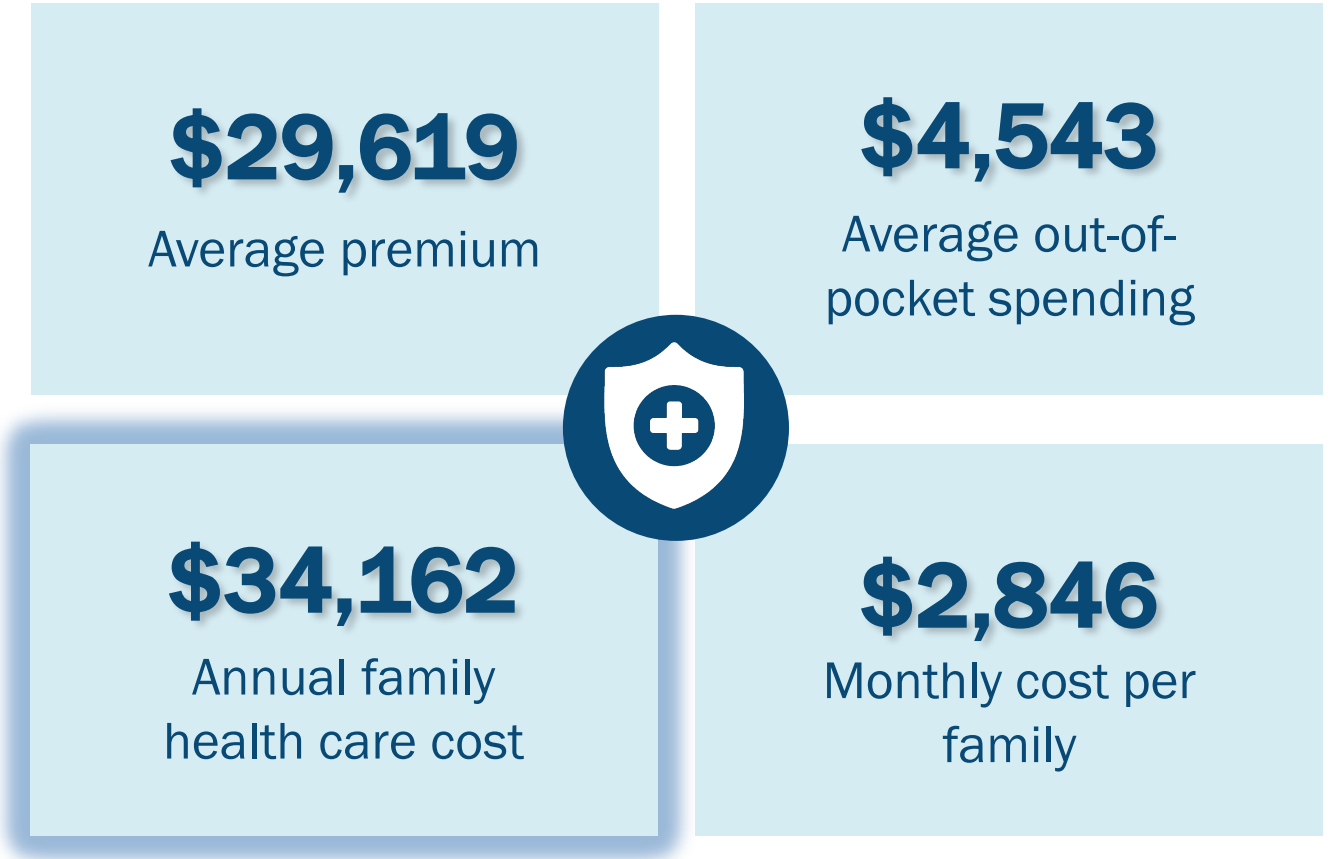
Sources: Premiums data are from the Medical Expenditure Panel Survey and represent employer-based coverage only. Household income data reflect nominal growth and are from the American Community Survey.

- When employers or municipalities pay more for employee and dependent health insurance, they have **less remaining for wages or hiring new workers**.
- Researchers have found a **direct link between rising provider prices and loss of employment in other sectors** of the economy.[1]
- Private sector job growth in Massachusetts was -2.1% from 2019-2024, **lowest among all 50 states**.[2]

1) nber.org/papers/w32613

2) masstaxpayers.org/sites/default/files/publications/2025-09/MTF%202025%20Competitiveness%20Index.pdf

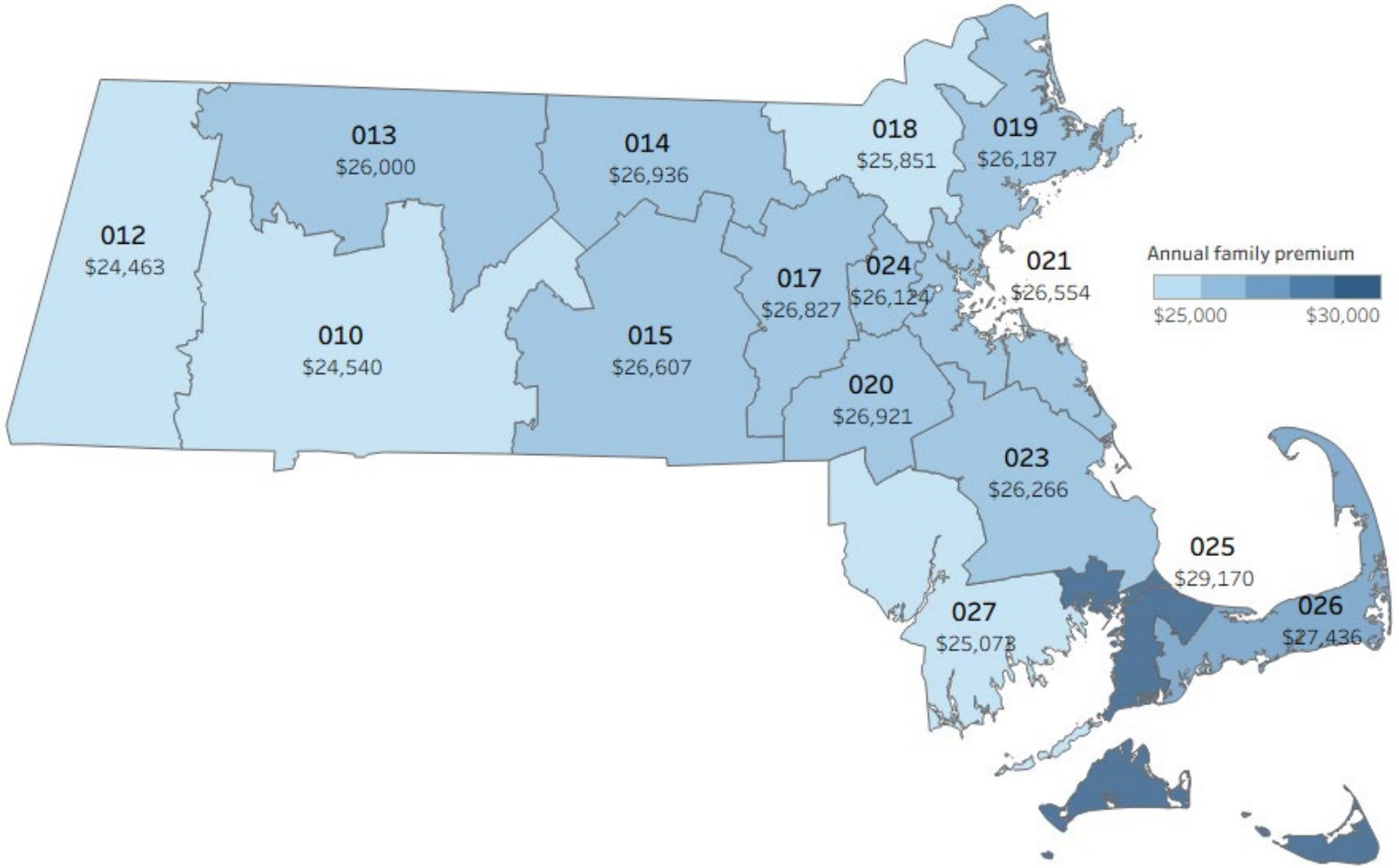
Including out of pocket spending, the average cost of health care for a Massachusetts family exceeded $34,000 in 2025 annually, or $2,846 per month.



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

Cape Cod and the islands have the highest premiums in Massachusetts.

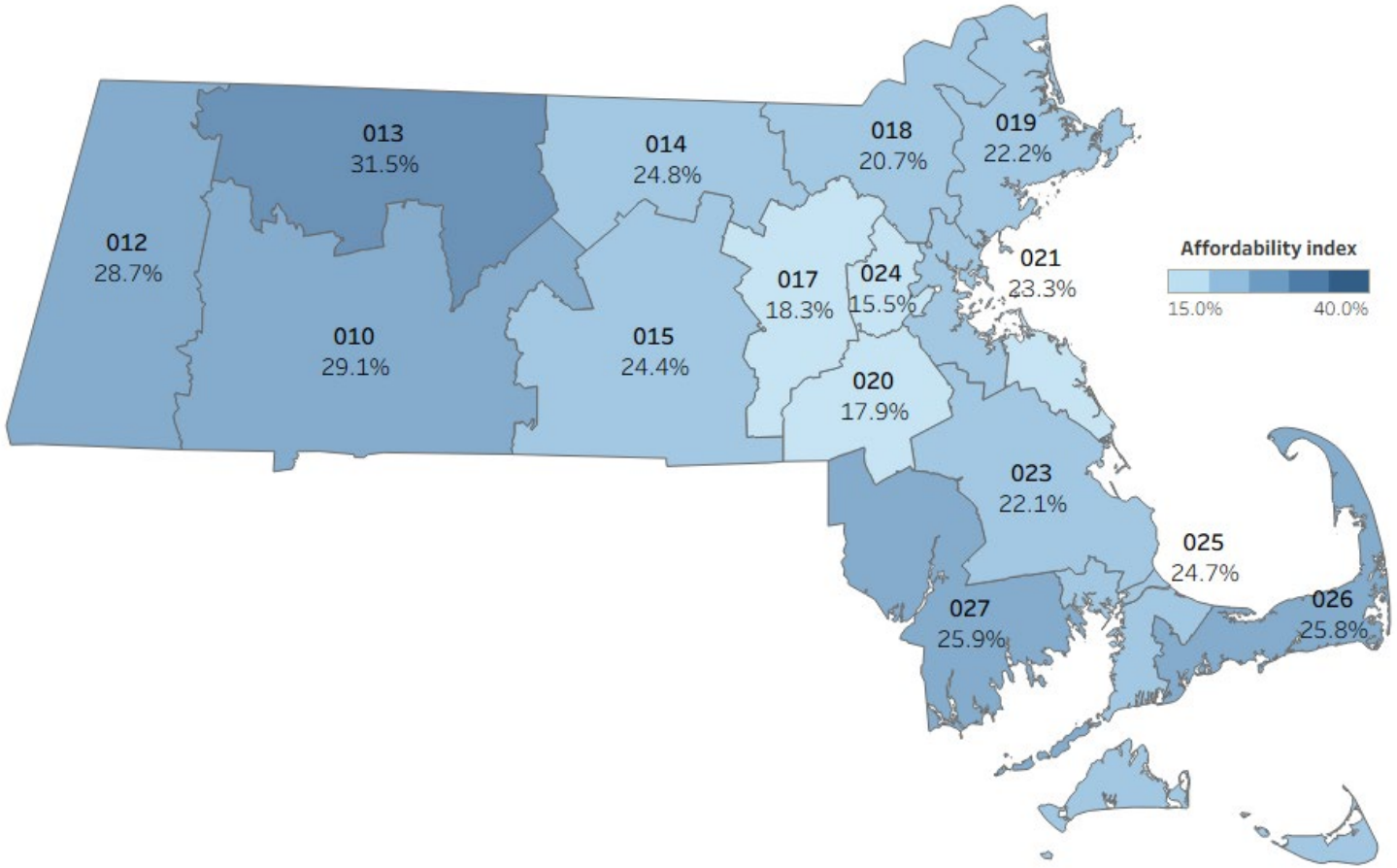
Family health care premiums by 3-digit zip code, 2024



Notes: Premiums represent an annualized population-weighted average of family premiums aggregated to the 3-digit zip code level (original reporting was at the 5-digit zip level). Zip areas 011 and 016 were merged with 010 and 015, respectively. Premiums reported on a per member basis were calibrated to the family level using data from the Medical Expenditure Panel Survey.
Sources: CHIA Annual premiums data request – supplemental data reporting, 2024

Health care in Massachusetts is least affordable on Cape Cod and in the central and western parts of the state.

Affordability index by 3-digit zip code, population weighted average, 2024

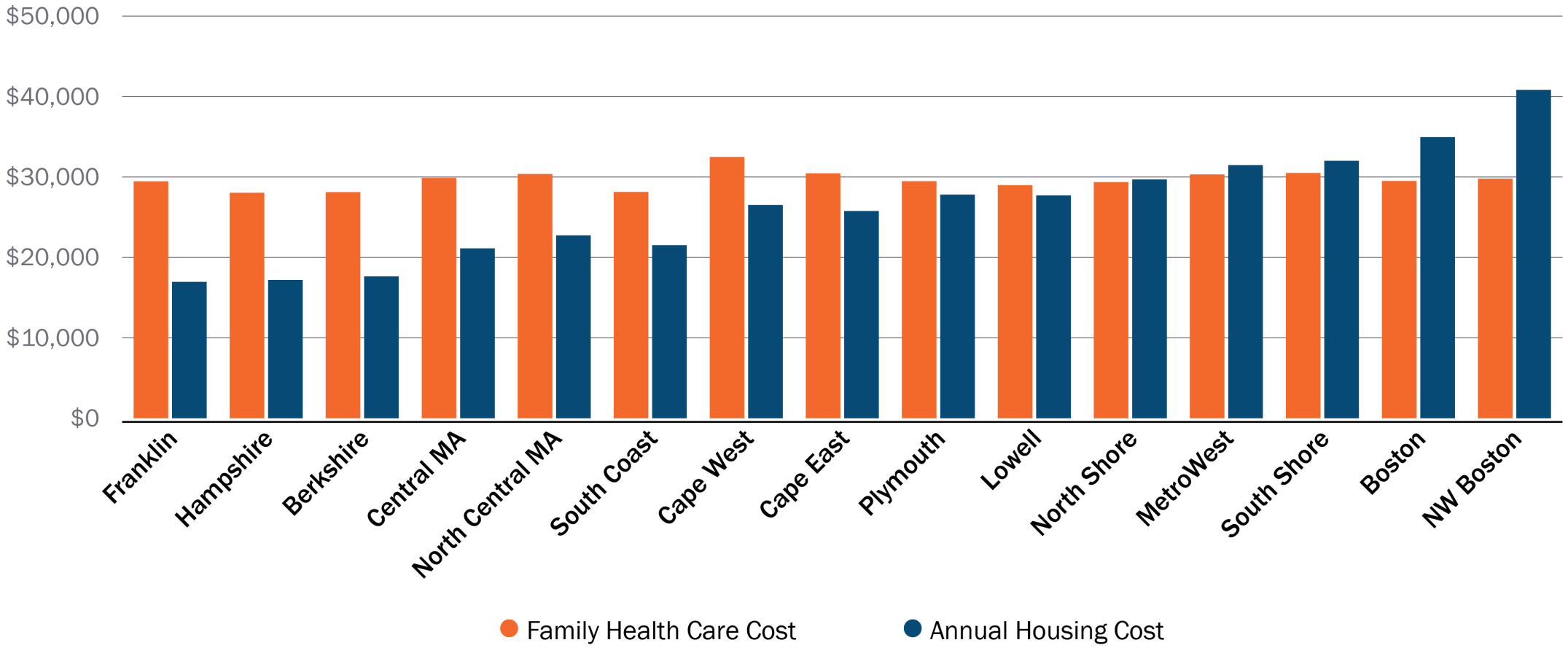


- The affordability index is calculated as **total health care costs** (family premiums + deductibles) divided by **total compensation** (median household income + employee contribution to healthcare premiums).

Notes: Total health care costs include both annual family premiums and average family deductibles. Premiums represent an annualized population-weighted average of premiums aggregated to the 3-digit zip code level. All data on member months, premiums, deductibles and other cost-sharing are for all commercial payers and all market segments originally reported at the 5-digit zip code level. Premiums reported on a per member basis were calibrated to the family level using data from the Medical Expenditure Panel Survey. Zip areas 011 and 016 were merged with 010 and 015, respectively.
Sources: CHIA Annual premiums data request – supplemental data reporting, 2024

Health care costs exceed housing costs in most regions of Massachusetts.

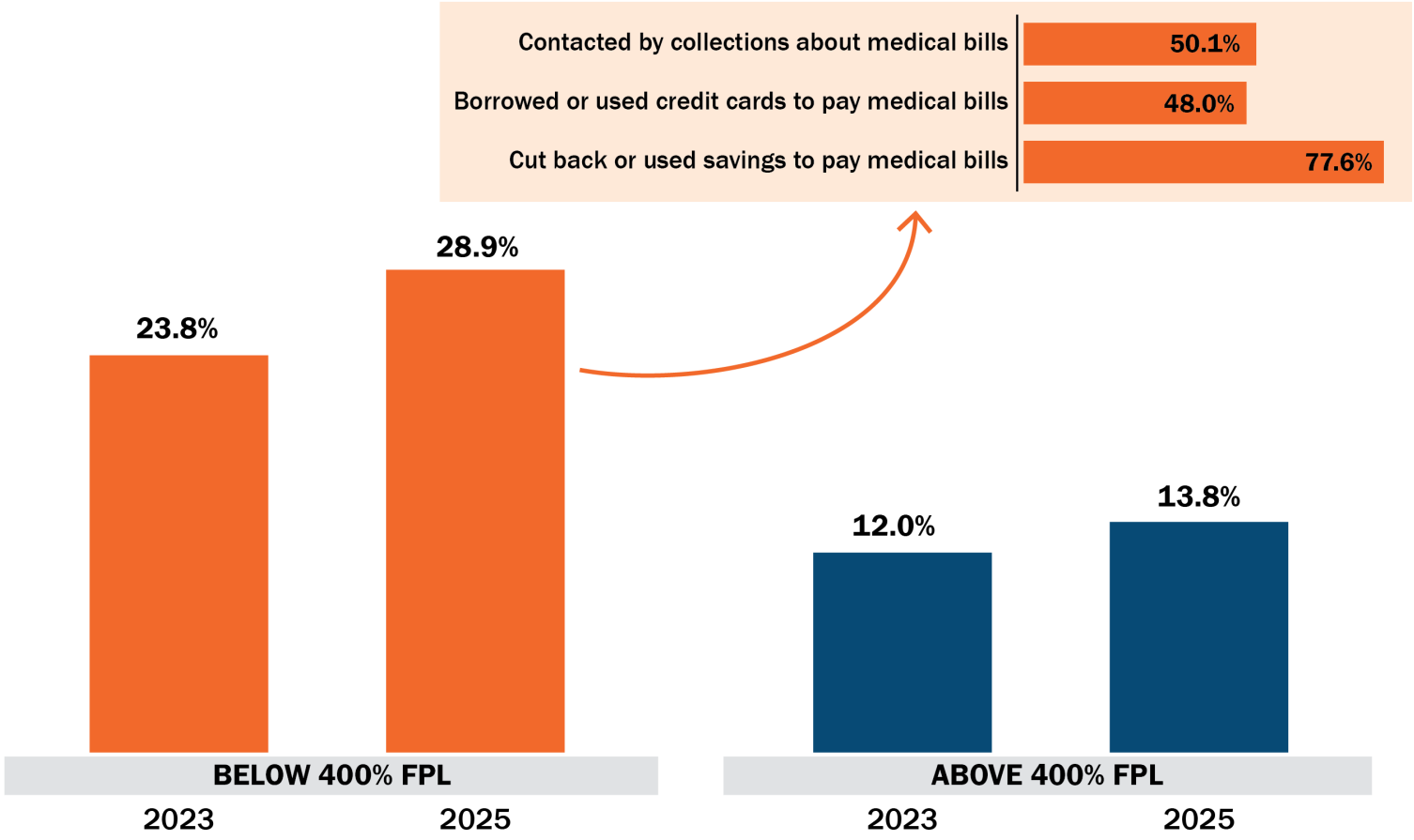
Health care costs (family premium + deductible) and Small Area Fair Market Rents (40th percentile, 2-bedroom), by 3-digit zip code, 2024



Notes: Total health care costs include both annual family premiums and average family deductibles. Premiums represent an annualized population-weighted average of premiums aggregated to the 3-digit zip code level. All data on member months, premiums, deductibles and other cost-sharing are for all commercial payers and all market segments. Data originally reported at the 5-digit zip code level and aggregated to the 3-digit zip code level using population weighting. Small Area Fair Market Rents (SAFMRs) are estimates of the 40th percentile gross rents for standard quality units within a ZIP code. For more details on the Small Area Fair Market Rent methodology, see documentation from HUD's Office of Policy Development and Research. 3-digit areas 016 (Worcester) and 011 (Springfield) were merged with their surrounding regions (015 and 010, respectively).
Sources: CHIA Annual premiums data request – supplemental data reporting, 2024. U.S. Department of Housing and Urban Development. (2024). Small Area Fair Market Rents (SAFMRs) – Fiscal Year 2024. HUD User.

A growing number of Massachusetts residents with private insurance are paying off medical bills over time. Most have had to cut back on savings to pay the bills.

Percentage of residents with employer-sponsored coverage reporting that they are paying off medical bills over time, by income; and consequences of medical debt among those with income less than 4 times the FPL in 2025

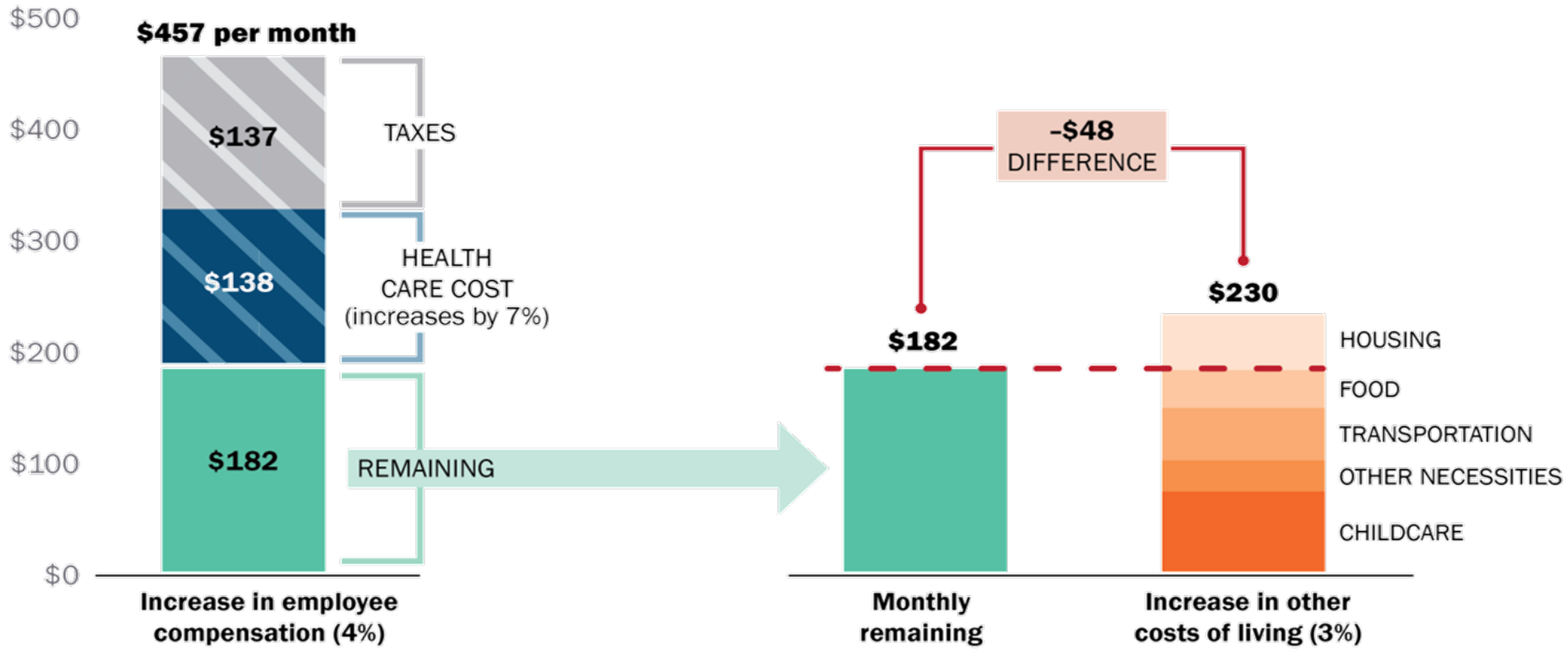


- Medical debt comprises more than half of all consumer debt nationally.[1]
- In 2025, the largest contributors to medical debt among commercially-insured Massachusetts residents were:
  - Medical test or surgical procedures (56%)
  - Emergency department visits (52%)
  - Treatment for chronic/long-term conditions (40%)

Sources: CHIA Massachusetts Health Insurance Survey, 2023 and 2025.
1) Consumer Financial Protection Bureau: https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf

A typical worker with family health coverage would see about 40% of their raise absorbed by health care and face shrinking disposable income.

Change in monthly income and expenses for a Massachusetts family with family coverage and earnings of $122,000 with a 4% increase in total compensation from their employer, a 3% increase in prices of other goods and a 7% increase in premiums and out of pocket spending, 2024



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.

HPC 2023 Policy Recommendations: Focus on Affordability

MODERNIZE THE COMMONWEALTH'S BENCHMARK FRAMEWORK TO PRIORITIZE HEALTH CARE AFFORDABILITY AND EQUITY FOR ALL.

Establish New Affordability Benchmark(s).

- To both **complement** and **bolster** the health care cost growth benchmark, the Commonwealth should develop an accountability framework for **affordability of care** for Massachusetts residents.
- As part of a strategy that tracks improvement on indicators of affordability, including the differential impact of both health plan premiums and consumer out-of-pocket spending by income, geography, market segment, and other factors, an **affordability index** should be measured annually in a benchmark-like process.
- To enable public transparency and accountability, the state's performance on the affordability index and other measures should be **incorporated into CHIA's Annual Report and the HPC's Annual Cost Trends Hearing**. Such targets should inform the development of new health plan affordability standards at the Division of Insurance (DOI) that play a central role in DOI's review and approval of health plan rates.

Massachusetts Health Care Affordability Working Group

On January 14, 2026, Governor Maura Healey announced a new working group charged with advancing proposals to reduce health care costs across the system, ultimately reducing costs for people and businesses across the state.

> *Health care is too difficult and too expensive for far too many people. We are taking the most comprehensive action in the country to make it faster, cheaper and easier to get the care you need. This is a moment of urgency, and today we are bringing together leaders from across health care, business and labor to find every possible step we can take to lower costs and improve health care in Massachusetts."*
>
> — Governor Maura Healey



Massachusetts Health Care Affordability Working Group: Action on Primary Care

On August 3, 2026, Governor Healey announced the Health Care Affordability Working Group's mid-year recommendations to target some of the biggest drivers of health care costs, including out-of-network charges, prescription drug prices, workforce shortages, barriers to primary care, administrative costs and preventable hospitalizations.



In conjunction with this announcement, Governor Maura Healey signed an Executive Order directing MassHealth to ***increase its investments in primary care to 12 percent of total medical spending by the end of 2028****. This Executive Order complements the recommendations of the PCTF and reflects the Healey-Driscoll Administration's recognition that stronger investment in primary care is urgently needed and essential to improving access, supporting the primary care workforce, achieving better health outcomes, and lowering long-term health care costs.*

Health Care Affordability Working Group: Mid-Year Recommendations



Helping People and Small Businesses

- Reduce out-of-network costs
- Stabilize the health insurance market



State Leadership

- Reduce prescription drug costs
- Manage GIC prices



Harnessing Technology

- Data exchange
- Artificial intelligence



Right Care at the Right Time in the Right Place

- Innovative health care models
- Transitions of care
- Low-value care



Investing in Workforce

- Targeted nursing and workforce investments
- Education investments
- Strengthening primary care

The HPC required 57 health care market participants to submit written testimony before the 2026 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 were asked how they would prioritize the recommendations made by the Healey-Driscoll Administration's Health Care Affordability Working Group, related to:
  - Out-of-network charges
  - Prescription drug prices
  - Workforce shortages
  - Barriers to primary care
  - Administrative costs
  - Preventable hospitalizations
- Responses were due October 28, 2026, and have been posted in full on the testimony webpage of the HPC's website.

25 Providers

9 Health Plans

10 Pharmaceutical Manufacturers

4 Pharmacy Benefit Managers

4 Significant Equity Investors

4 Management Services Organizations

1 Real Estate Investment Trust

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PANEL 1

Beyond the Numbers: Real World Perspectives on Health Care Challenges

Moderator: *Sandra Cotterell*

Leslie Diaz, HelpLine Director, Health Care For All
Mimi Gardner, MPH, MA, Vice President and Chief of Community Partnerships and Health Impact, NeighborHealth
Victoria Selser, Epidemiologist, City of Fitchburg Health Department
Michael Wilson, PharmD, Pharmacist and Owner of Crawford Drug; President of the Board, MA Independent Pharmacists Association

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PANEL 2

A Sustainable Safety Net: Focus on Access, Coverage, and Equity

Moderator: *Martin Cohen*

Peter D. Banko, President and CEO, Baystate Health
Alastair Bell, MD, MBA, President and CEO, Boston Medical Center Health System
Brenda Rodriguez, MBA, CEO, Lynn Community Health Center
Ryan Schwarz, MD, MBA, Massachusetts' Medicaid Director and Assistant Secretary for MassHealth

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Selected Responses from Pre-Filed Testimony: Barriers to Care

- **Workforce shortages** among primary care providers, nurses, behavioral health providers, long-term care staff, and community health workers contribute to avoidable emergency department utilization and long hospital stays, increasing overall health care spending.
- Workforce shortages across the health care sector have been compounded by **federal immigration policies** that threaten the legal status of thousands of Massachusetts residents, particularly in the home care and nursing facility sectors.
- Federal policies impacting **health insurance eligibility** further threaten the affordability of health care for hundreds of thousands of Massachusetts residents.

> **When patients cannot obtain a timely appointment or afford care, they delay treatment and are more likely to rely on emergency departments and hospitals."**
>
> **– Hilltown Community Health Center**

> **Medicaid coverage and reimbursement and Medicare coverage for hospital services are under relentless threats… given this backdrop, we believe our focus must be on solidifying a sustainable, safety-net health system that can continue to provide high-quality care at a low cost…"**
>
> **– Merrimack Health**

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PANEL 3

The Right Care in the Right Place: Innovative Partnerships for Better Outcomes and Lower Costs

Moderator: *Ashley Blackburn*

Right Care, Right Time, Right Place

- **Susan Coakley**, President and CEO, Aspire Health and Community Services
- **William W. Tollefsen, MD, MSc, MBA, FAEMS**, Chair, Department of Emergency Medicine, EMS and MIH Medical Director, South Shore Health

HPC PATHways Investment Program

- **Lisa Felci Jimenez, MSN, RN, LSW**, Director of Clinical Services, Mystic Valley Aging Services
- **Chris Mauro, LICSW, CCM**, Director of Social Work and Case Management, MelroseWakefield Hospital

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Selected Responses from Pre-Filed Testimony: Innovative Care Models

- Payers and providers share a commitment to supporting **innovative care delivery models** that move care to lower-cost settings, promote care coordination, and reduce duplicative or low-value care.
- Despite widespread interest in implementing innovative, team-based care delivery models, providers struggle to secure **sustainable payment mechanisms for innovations**. Traditional fee-for-service payment models do not reimburse for care coordination and chronic disease management integral to high-quality primary care.

> **Reducing unnecessary, duplicative, or clinically inappropriate care is an important component of any comprehensive strategy to improve affordability while preserving access to high-quality services."**
>
> **– Wellpoint**

> **Shifts in care settings and delivery modes can help drive down overall healthcare costs, if they are supported by policies and reimbursement levels that recognize the intensity of the interventions and support the scale necessary to achieve impactful results."**
>
> **– Beth Israel Lahey Health**

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RESEARCH PRESENTATION

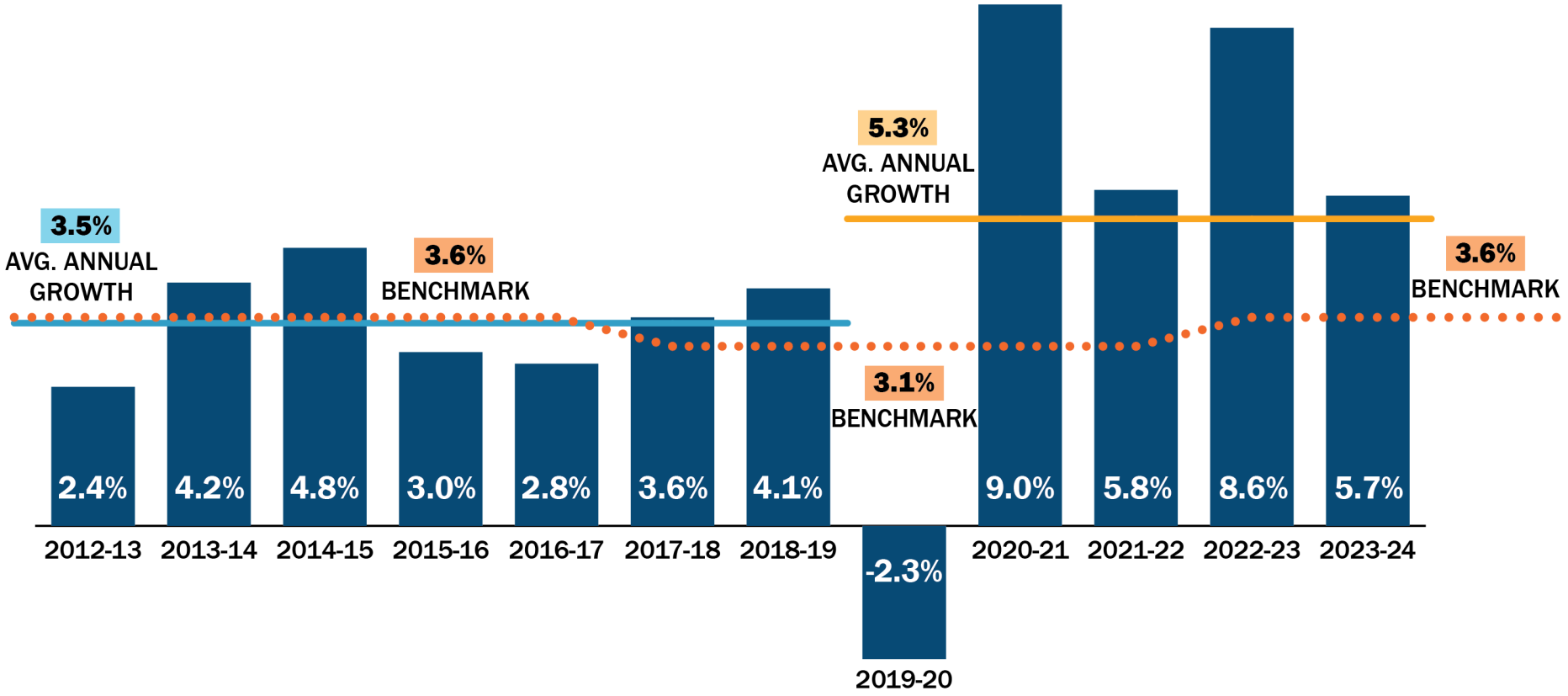
Data Insights on Health Care Cost Drivers and Dynamics

David Seltz, HPC Executive Director

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Total health care spending growth in Massachusetts averaged 3.5% from 2012 to 2019 but has risen to 5.3% from 2019 to 2024.

Annual growth in total health care expenditures per capita in Massachusetts, 2012-2024

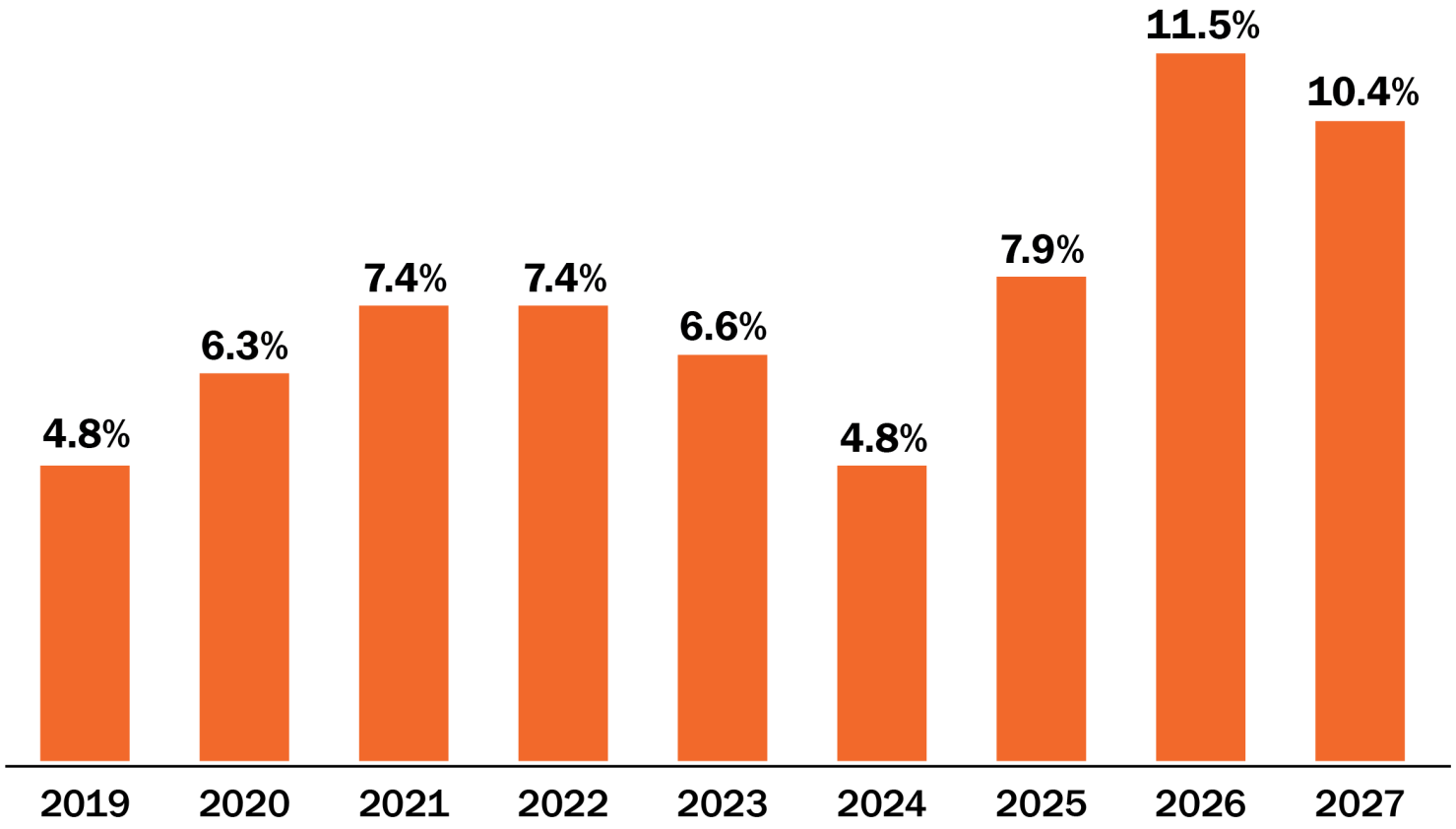


- Preliminary data from 2025 suggests spending growth could approach or exceed double-digits.

Sources: Center for Health Information and Analysis, Annual Report on the Performance of the Massachusetts Health Care System 2013-2026.

Rapid health care spending growth is expected to continue into 2026 and 2027.

Massachusetts merged market average annual (approved) rate increases, 2019-2027

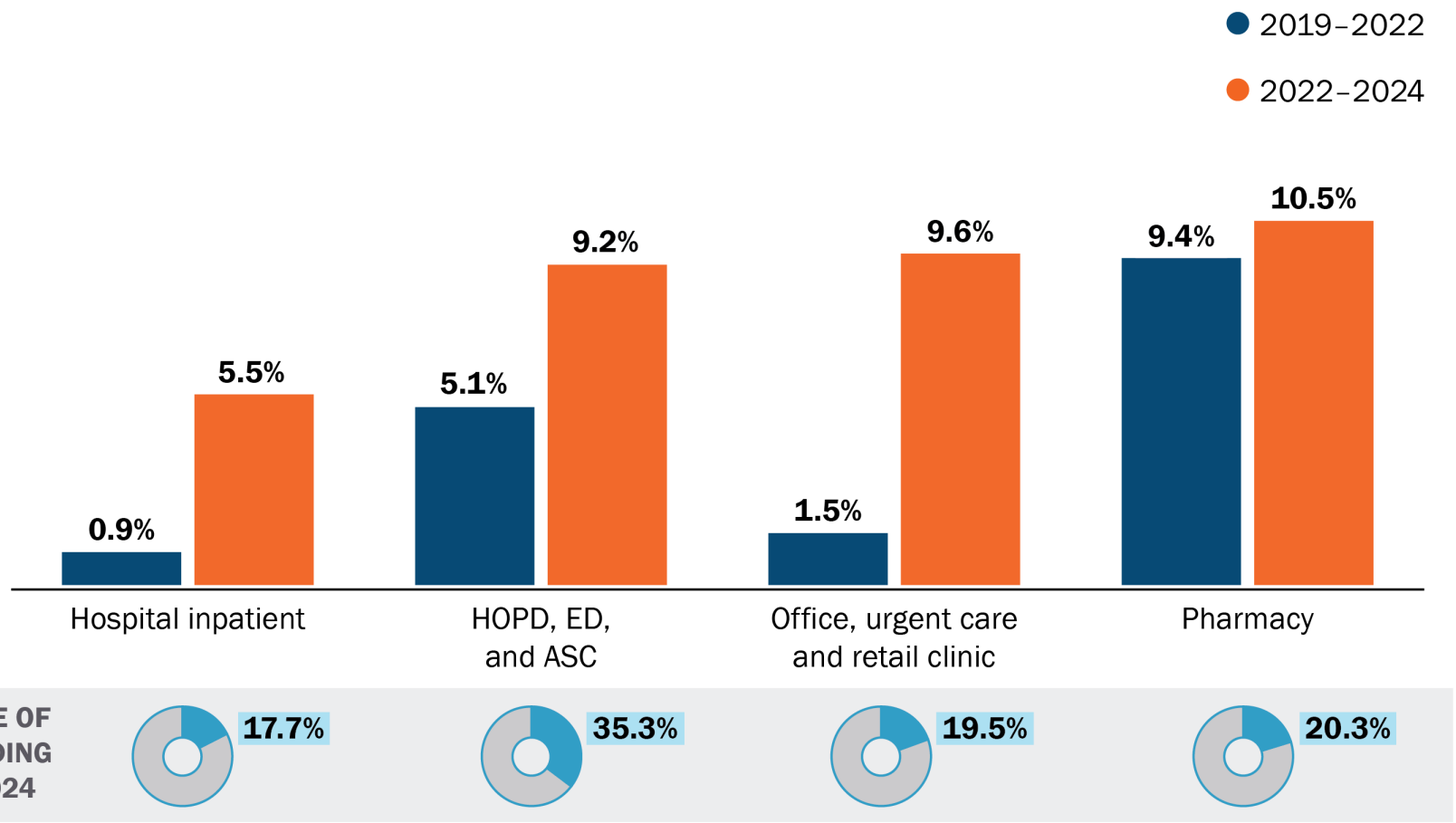


- A recent national industry report[1] projects 9% commercial spending growth in 2027, the highest in 19 years, driven by:
  - AI-enhanced coding and revenue maximization by health care providers
  - Rising provider prices
  - Rising pharmacy spending
  - Behavioral health utilization
  - Higher spending due to the No Surprises Act arbitration process

Sources: Data received upon special request to the Massachusetts Division of Insurance
1. PwC Health Research Institute (2026). Available at: https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html

Commercial spending growth has accelerated in all care settings.

Average annual growth in commercial spending per enrollee by site of care, 2019-2022 and 2022-2024

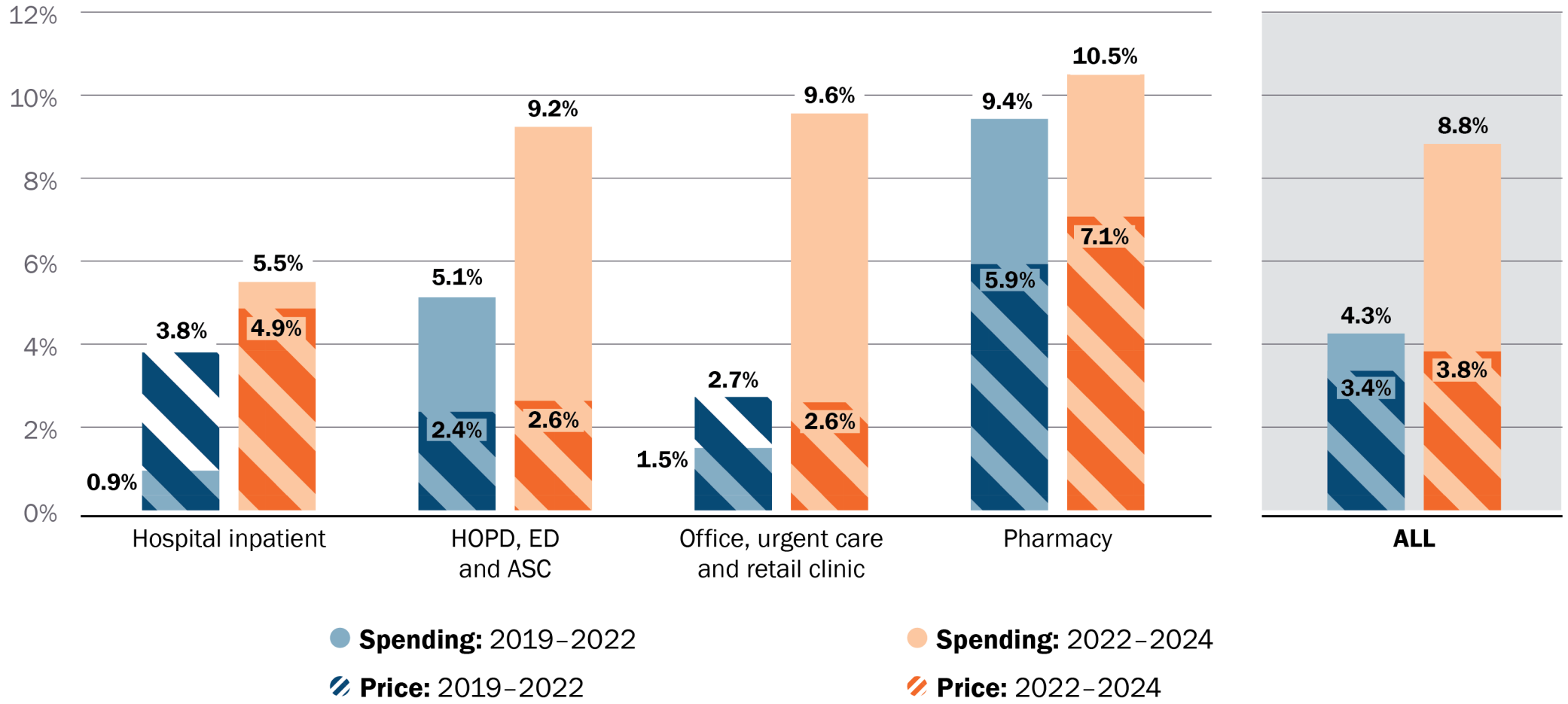


- Hospital outpatient department (HOPD) spending comprises 89% of the spending in the HOPD, ED, ASC category in 2024.

Notes: Pharmacy spending is net of rebates. Share of spending does not sum to 100% as sites of care with smaller spending amounts are not shown. Spending includes both professional and facility amounts where applicable.
Sources: HPC analysis of Center for Health Information and Analysis (CHIA) All-Payer Claims Database V2023 (2019-2022) and V2024 (2022-2024).

In recent years, price growth has accelerated in almost all categories of care, while other factors have also contributed substantially to spending growth.

Average annual growth in commercial spending per enrollee and prices by site of care, 2019-2022 and 2022-2024



Notes: Pharmacy spending and price growth is net of rebates. Spending and price growth include both professional and facility amounts where applicable. Inpatient price growth excludes behavioral health and newborn stays. Sites of care with low spending amounts are not shown and are excluded from spending and price growth - thus data presented in the "ALL" category does not equal the full commercial market as in earlier slides.
Sources: HPC analysis of Center for Health Information and Analysis (CHIA) All-Payer Claims Database V2023 (2019-2022) and V2024 (2022-2024).

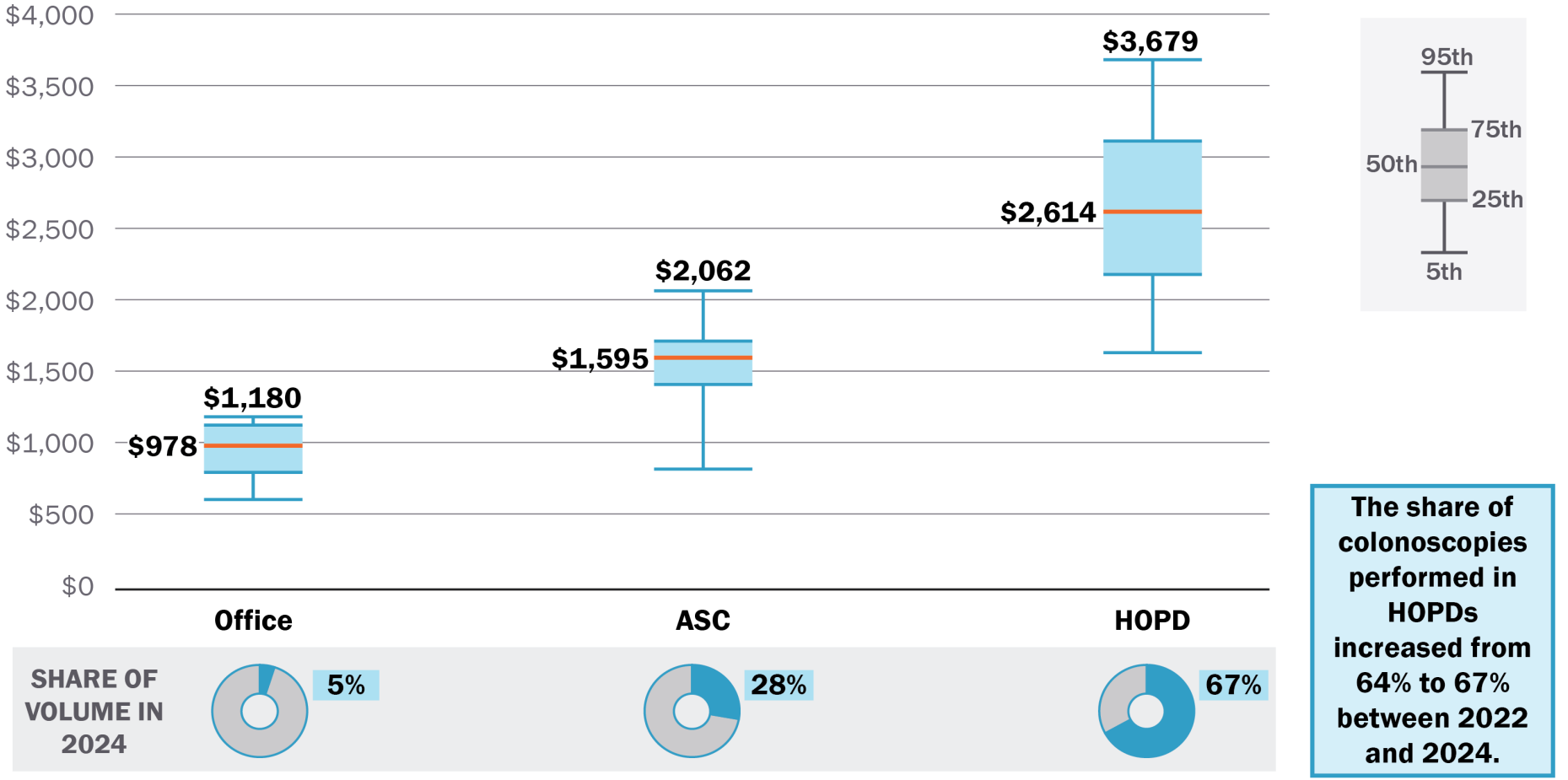
What are the additional factors resulting in higher recent spending growth?

- **Utilization: More care provided**
  - In recent years, there have been annual increases in provider office visits (4.4%), hospital inpatient stays (0.6%), prescription drug utilization (3.2%), and ED visits (1.7%).
- **Coding: More services coded at higher intensity (price-related)**
- **Site of Care: More routine care delivered in high-priced settings (price-related)**
- **Service Mix: More use of high-priced care, sometimes in place of lower-priced alternatives (price-related)**
  - Examples include:
    - Shifts toward **higher-priced prescription drugs**
    - Shifts toward **higher-cost imaging**[1]
    - Increasing rates of **C-section delivery for low-risk births**[2]
    - Rapid **expansion of high-cost treatment options** such as cardiac ablation (prices range from $28,000 to $86,000) in management of atrial fibrillation

Notes:
1) HPC analysis found that higher-priced imaging modalities used in cancer treatment (e.g. PET) increased in volume the most from 2022 to 2024 while lower-priced forms of imaging increased the least or declined.
2) The HPC reported on these shifts in its 2024 Annual Cost Trends Report. https://masshpc.gov/sites/default/files/2024_Cost_Trends_Report.pdf

The price of a colonoscopy with biopsy is much higher, and more variable, in hospital outpatient departments. Volume is shifting toward this higher-cost setting.

Price of a colonoscopy with biopsy in Massachusetts in 2024 by setting of care



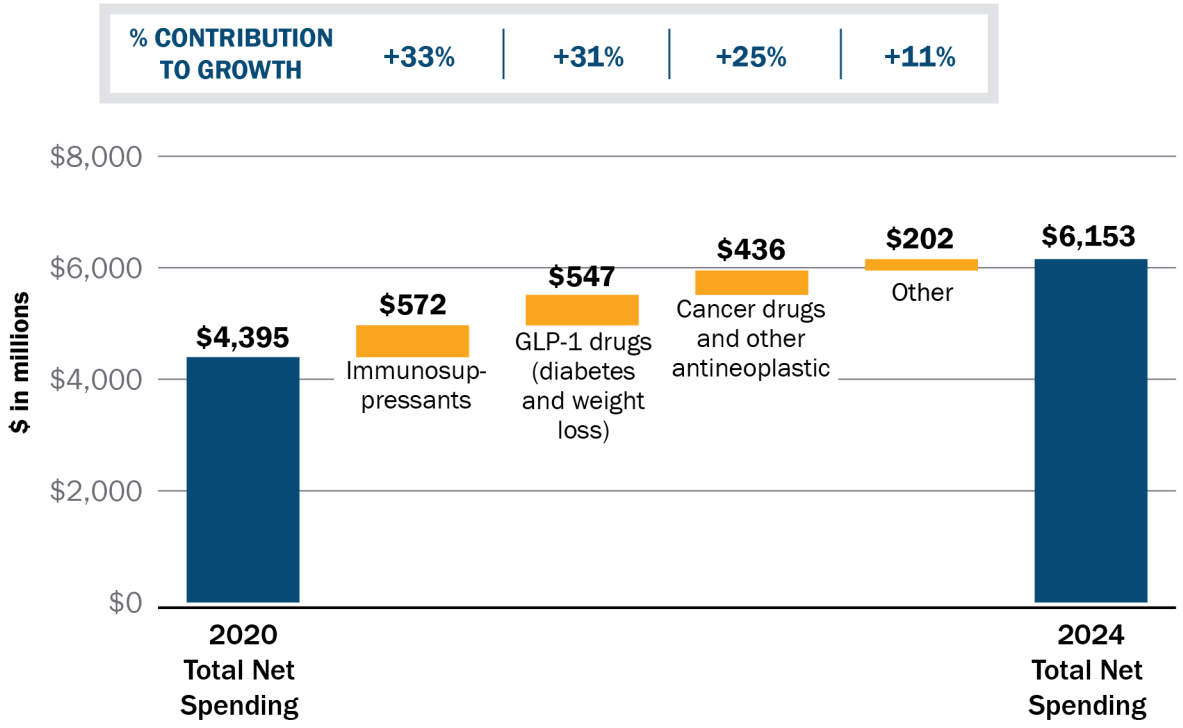
The share of colonoscopies performed in HOPDs increased from 64% to 67% between 2022 and 2024.

- Colonoscopy prices ranged from $601 to $3,679 with average prices in hospital outpatient departments 64% higher than in ASCs and 167% higher than in office settings.

Notes: HOPD = Hospital outpatient department. ASC = Ambulatory surgical center. Prices reflect encounters (same person, same date of service, same procedure code) to capture the potential for both facility and professional claims billed on the same day. Data are for Colonoscopy with removal of lesions (CPT 45385, 'Colonoscopy, flexible; with removal of tumor(s), polyp(s), or other lesion(s) by snare technique').
Source: HPC analysis of Center for Health Information and Analysis (CHIA) All-Payer Claims Database, V2024, 2022-2024.

Pharmaceutical spending growth was driven by a limited number of drugs in select therapeutic classes. From 2020 to 2024, ten drugs accounted for more than 80% of net pharmacy spending growth.

Commercial retail pharmacy net spending growth by selected therapeutic class, 2020-2024



Top 10 Drugs by Net Spending Growth, 2020-2024 ($ in millions)

Product	Therapeutic class	Net spending 2020	Net spending 2024	Change 2020-2024	Contribution to total change in net pharmacy spending
1. Skyrizi	Immunosuppressants	$37.8	$411.5	$373.7	21%
2. Wegovy	GLP-1 drugs - weight loss	$0.0	$292.4	$292.4	17%
3. Dupixent	Immunosuppressants	$73.7	$262.9	$189.2	11%
4. Zepbound	GLP-1 drugs - weight loss	$0.0	$143.4	$143.4	8%
5. Rinvoq	Immunosuppressants	$9.7	$121.3	$111.6	6%
6. Stelara	Immunosuppressants	$182.0	$275.4	$93.4	5%
7. Kesimpta	Cancer drugs and other antineoplastics	$0.3	$80.0	$79.6	5%
8. Mounjaro	GLP-1 drugs - diabetes	$0.0	$75.0	$75.0	4%
9. Ozempic	GLP-1 drugs - diabetes	$12.8	$73.2	$60.3	3%
10. Verzenio	Cancer drugs and other antineoplastics	$11.7	$63.4	$51.6	3%

Sources: HPC analysis of Center for Health Information and Analysis (CHIA) All-Payer Claims Database v2024, 2020-2024, SSR Health US Brand Rx Net Pricing Tool, and CHIA Prescription Drug Rebate Data. Spending was extrapolated to the full Massachusetts commercial population using CHIA enrollment data.

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HEALTH POLICY COMMISSION

2026
HEALTH CARE COST TRENDS HEARING

PANEL 4

Responding to Health Care Cost Growth: Trends, Tradeoffs, and Policy Solutions

Moderator: *Christopher Leibman*

Niyum Gandhi, Chief Financial Officer and Treasurer, Mass General Brigham
Patrick Gilligan, President and CEO, Point32Health
Joseph M. Shields, **Esq.**, Founder and President, Transparency Rising
Michael Valenta, Chief Strategic Customer Officer, Johnson & Johnson
Matthew Veno, Executive Director, Massachusetts Group Insurance Commission

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Selected Responses from Pre-Filed Testimony: Cost Trends and Drivers

- **90%** of pharmaceutical manufacturers selected reducing prescription drug costs as a priority, and suggested strategies including **requiring discounts to be passed through to patients** and **reducing low-value care**.
- **40%** of pharmaceutical manufacturers discussed the need for alternative payment models and value-based contracts.

> **Three cost trend drivers are particularly concerning: increasing coding intensity and severity, rising medical pharmacy spending, and growing retail pharmacy spending."**
>
> **– Blue Cross Blue Shield of Massachusetts**

> **Today, a small number of vertically integrated companies control a growing share of the market, which gives them substantial negotiation leverage. Eighty percent of prescription drug claims are processed by three vertically integrated entities, comprised of an insurer, PBM, and specialty/mail-order pharmacy."**
>
> **– Merck**

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2026
HEALTH CARE COST TRENDS HEARING

PANEL 5

A Call to Action: A Leadership Agenda for Health Care Affordability

Moderator: *Deborah Devaux*

Sarah Iselin, President and CEO, Blue Cross Blue Shield of Massachusetts
Audrey Morse Gasteier, Executive Director, Massachusetts Health Connector
Diana Richardson, President and CEO, Merrimack Health
Christina Severin, President and CEO, Community Care Cooperative (C3)

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Selected Responses from Pre-Filed Testimony: Top Priority Areas

Top Priority Areas Identified by Health Plans and Providers

- Streamlining patient care and **moving care to lower-cost settings**.
- **Strengthening primary care** and supporting team-based care.
- Addressing rising **prescription drug costs**.

> [A] strong primary care foundation is the most critical element of an effective and sustainable health care system…[and] is associated with better patient outcomes, reduced hospital admissions, and lower emergency room utilization. We also share the Commonwealth's concern that rising health care costs present challenges for the health care system and for Massachusetts residents.
>
> – Atrius Health and Reliant Medical Group

> We recommend that the Commonwealth continue to support innovation through the 1115 waiver and other initiatives, that build on these efforts and help members receive the right care, at the right time, and in the right place"
>
> – MGB Health Plan

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REFLECTIONS AND DISCUSSION

HPC Board of Commissioners, Office of the Attorney General,
Center for Health Information and Analysis

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THANK YOU!

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