

Beacon Hill Update

It is budget season on Beacon Hill. The House just completed its FY2026 spending plan totaling \$61.5 billion dollars after deliberating for two and a half days. \$81 million was added during the debate. Despite promises of more transparency in the way legislative business is conducted at the state house, more than 1600 amendments were decided in large, consolidated amendments behind closed doors.

ECOH sent a letter to members of the House in advance of the budget debate urging representatives to hold the line on healthcare costs for the fully insured. The House did not include new taxes proposed by Governor Healey or new health care mandates that would drive up the cost of health insurance.

Health care costs comprise a large share of state spending. The single biggest spending item in the annual operating budget is the MassHealth appropriation, the state's Medicaid program, with a gross cost of \$22.599 billion gross and a net cost of \$8.672 billion after federal reimbursements of about \$15 billion are considered. The appropriation for the MassHealth program, which covers about 2 million people, represents about 36% of all line-item spending. Noteworthy healthcare-related proposals in the House budget include a \$230 million transfer from the Commonwealth Care Trust Fund to help the Health Safety Net program that reimburses providers for care provided to the uninsured and underinsured, as well as bad debt.

See the House Budget [here](#)

See ECOH's letter [here](#)

The Senate budget was released on May 6th. Amendments to the budget are due on Friday and debate will begin the week of May 19th.



ECOH Files Two Bills Aimed at Improving Healthcare Affordability

As part of its proactive legislative agenda, ECOH worked with Representative Hannah Kane on filing two bills affecting healthcare costs.

[H.1215](#) - *An Act to Assess the Current Status of the Merged Market.*

As part of the landmark healthcare reform law in Massachusetts (Ch. 58 of the Acts of 2006), an individual mandate was created. To make the cost of health insurance more affordable for individuals purchasing in the non-group, the risk pools of the non-group and small group markets were merged. Since then, the number of individuals purchasing in the merged market has increased significantly while the number of small businesses has declined considerably, fundamentally altering the risk pool and market dynamics. This bill proposes establishing a Massachusetts Merged Market Advisory Council and charges it with assessing how these changes have impacted affordability for small businesses. The council will examine several aspects of the fully insured market, including market stability, trends, healthcare cost drivers, the cross-subsidization that occurs between nongroup and small group participants, federal risks, and insurance coverage options. A final report with recommendations is due to the legislature by December 31, 2026.

[H.2461](#) - *An Act to Ensure the Efficient Operation of Hospitals.*

The Health Policy Commission (HPC) has identified the unit price increase at hospitals has been the primary driver of rising healthcare costs each year for the past several years. To address the growing healthcare affordability crisis in Massachusetts, this legislation would have the HPC develop a hospital efficiency standard to ensure that hospital operations are as efficient as possible. This information would also help insurers ensure they are paying for high-value care when negotiating provider reimbursement rates.

This bill was developed in conjunction with Bailit Health consultants, as a way to evaluate hospitals on the efficiency of their operations and reverse the trend of continuous increases in the unit prices that hospitals charge.

See the related article entitled [How States Can Lower Hospital Prices and Make Health Care More Affordable](#).

Step Therapy Commission Holds its First Organizational Meeting

The newly created Step Therapy Protocol Commission held its first organizational meeting on April 17th, and the next meeting of the Commission will take place on May 17, 2025. ECOH's McAnneny was appointed by the Governor to this special commission that was created to analyze the impact of step therapy protocols on total medical expenses, healthcare quality outcomes, and premium costs, among other things. The commission is expected to submit a report on its findings by October 1, 2025. Please contact McAnneny at emcanneny@massecoh.org if you have any thoughts or comments about the commission's work.

News You Can Use

Boston Globe article on April 5th entitled [‘It’s Infuriating’: As Mass. Health Care Organizations Struggle, Some Leaders Make Extra](#).

AHA article entitled [Senate, House Leaders To Protect Health Care Coverage](#).

State House News Service article on May 6, 2025 entitled [Co-Pays, Deductibles Targeted By Health Care Reform Bill](#)

Boston Globe article pertaining to proposed Medicaid cuts entitled [House Republicans unveil Medicaid cuts that Democrats warn will leave millions without care](#) published May 12, 2025.

Wall Street Journal Opinion piece pertaining to failure to reform Medicaid entitled [Welfare As We Know It Is Back—and Its Bipartisan](#) published May 12, 2025.

10 Troubling Trends in Massachusetts Healthcare

According to the HPC, these are the most recent Massachusetts Cost Trends:

1. Health care spending per resident has grown an average of 5.2% annually since 2019, exceeding the rate of growth of inflation, labor costs, and income, and was double the rate of growth of household income for working class households.
2. Massachusetts has among the highest costs of living in the U.S., and with **the second highest commercial premiums in the country** (\$26,355 average annual family health insurance premium (including employer and employee contribution in 2023). Including out of pocket spending, **the average cost of health care for a Massachusetts family exceeded \$29,000 in 2023.**
3. **Health insurance coverage received through businesses with fewer than 50 employees has declined by half since 2010**, suggesting increasingly unaffordable coverage, and small group premiums increased 7% in 2023.
4. **If premium growth continues at the current rate of 7% rather than at the benchmark rate of 3.6%, take home pay for an average Massachusetts family in 2030 would be reduced by \$600 per month.**
5. As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. These rates become particularly dire when **health care premiums and out of pocket spending reach 25% of total income – a reality for 41% of Hispanic families and 26% of black families in Massachusetts faced in 2023 compared to 9% of white families.**
6. The percentage of commercially-insured Massachusetts residents enrolled in high-deductible plans increased from 19% to 45% from 2014 to 2023, and [CHIA survey data](#) shows that those with high-deductible plans are more likely to report having medical debt (19.5% vs. 11.6%).
7. Commercial spending per person increased 7.8% in 2023 and grew an average of 6.1% annually from 2019 to 2023. Hospital outpatient and pharmacy spending have had the biggest impact on spending growth from 2019 to 2023.
8. As in prior years, spending growth largely reflected higher prices for care rather than more care received.
9. Health insurer administrative costs have risen 29% since 2019. The increase in general administration from 2022 to 2023 adds 0.3% to premium growth.
10. Massachusetts Total Health Care Expenditures (THCE) exceeded the 3.6% healthcare cost benchmark in 2023 with per capita growth in total health care expenditures of 8.6%.



Did You Know...



- According to the independent health care research group Kaiser Family Foundation ([KFF](#)), the federal government spent \$1.9 trillion on health care programs and services in fiscal year 2024, including Medicaid and Medicare, accounting for 27% of all federal outlays that year.
- According to the latest Annual Report on the Performance of the Massachusetts Healthcare System issued by the [Center for Health Information and Analysis](#), Massachusetts spends more than \$78 billion in total healthcare expenditures which translates into spending of \$11,153 per capita.

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