

Beacon Hill Update

Division Of Insurance Disallowed the Proposed CY2026 Premium Rate Increase of Two Insurers in the Merged Market While Renegotiating the Rates of Six Other Insurers

On July 23rd, Division of Insurance Commissioner Michael Caljouw disapproved proposed rate increases for two health plans offering health insurance products in the merged market (individuals and groups under 50 covered lives) – Blue Cross Blue Shield of Massachusetts HMO Blue, Inc. and WellSense Health Plan. Well Sense has subsequently had its rates approved at 13.2 percent.

Commissioner Caljouw used his recently acquired authority to consider affordability during his review of the merged market rate filings. Commissioner Caljouw indicated the proposed rates were excessive and inconsistent with his responsibility to Massachusetts consumers and businesses to limit the growth of deductibles and co-pays for patients at the rate of medical inflation.

When rates were initially filed, the average premium rate increase being proposed was 13.4% for 2026. The chart below outlines the revised rates for the merged market.

Final Merged Market Rates Effective for 2026			
As of 7/21/25			
Carrier	Initial Rate Filing %	Final Rate Filing %	Members
Fallon Community Health	9.9	7.1	23,198
Health New England	10.4	9.4	24,884
Harvard Pilgrim Health Care	14.8	12.2	90,561
MGB Health Plan	10.5	7.2	71,452
Tufts Health Public Plans	13.2	11.1	187,126
United Healthcare	12.3	9.3	24,031
BCBSMA HMO Blue, Inc.	12.9	Notice of Disapproval issued *	166,777
WellSense Health Plan	16.2	Notice of Disapproval issued *	133,412
* Each carrier has the legal right to file an administrative appeal request with the Division of Insurance within ten (10) days of their receipt of a Notice of Disapproval. This website will be updated with information on these processes as they change.			

At the Division of Insurance's public information session held on June 23rd, ECOH President Eileen McAnneny offered comments highlighting how these increases are negatively impacting small businesses. Pointing out that these increases are on top of an already large base, she urged the DOI to consider affordability broadly. Health insurance is one of many rising costs confronting small businesses and to the extent it goes up at a higher rate than other costs of doing business, it means less money for other essential expenditures. For employees, it means more of their overall compensation is dedicated to health insurance.

Insurers justified the proposed cost increases as necessary to cover the underlying cost of care, particularly the unit cost of hospital care and the growing spending on pharmaceuticals.

[Read ECOH's statement](#)

[Visit the DOI website](#) with detailed information on the proposed rates: Division of Insurance Public Information Session Regarding Merged Market Health Insurance Rates for CY 2026.

[Watch McAnneny's testimony](#)



Legislature Passes and Governor Signs FY2026 Budget

One day before Fiscal Year 2026 began on July 1st, the legislature approved its annual spending plan. The Conference Committee's report, which is the compromise budget that reconciles the differences between the House and Senate budget proposals, totals \$61 billion. The compromise budget is about \$445 million less than the final House budget, \$400 million more than the final Senate budget, about \$1 billion less than the budget Governor Healey proposed in January. This budget increases spending by more than \$3 billion over last year's final budget despite the legislature voicing repeated concerns about the belt-tightening that Massachusetts faces due to federal cuts.

Governor Healey signed the budget into law on July 3, 2025, not taking the full 10 days to which she is entitled to review the proposal. The Governor judiciously exercised her line-item veto power to reduce the budget by only \$130 million. The legislature can override her vetoes by a two-thirds vote of both branches.

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 over \$22 billion – with the federal government covering almost \$15 billion and the state expending about \$9 billion to cover the cost of this program. The appropriation for the MassHealth program, which covers about 2 million people, represents about 36% of all line-item spending. Other noteworthy health care-related proposals in the House budget include a \$230 million transfer from the Commonwealth Care Trust Fund to augment the Health Safety Net Fund that reimburses providers for care provided to the uninsured and underinsured, as well as bad debt.

[See the Conference Committee budget here](#)

[See the Governor's summary of the budget here](#)

\$532 Million Supplemental Budget for FY2025 Clears the Senate; Most of the Money Directed at Healthcare Expenses

The Senate approved a supplemental budget to cover additional expenses for FY2025, most of which are health care related. It directs \$209 million toward hospitals and community health centers facing financial strain. This supplemental budget ([S.2529](#)) is the latest of three separate pieces of legislation spawned from the \$756 million [supplemental budget](#) Gov. Maura Healey filed in April. An earlier supplemental budget ([H 4100](#)) appropriated \$240 million to cover health insurance claims at the Group Insurance Commission, which oversees health insurance for 460,000 public employees and retirees.

S.2529 included a problematic provision that would set up a Health Safety Net Trust Fund (HSNT) Commission without employer representation. The Safety Net is the successor of the Uncompensated Care Pool Trust Fund, the purpose of which is to reimburse hospitals that service a disproportionate number of uninsured individuals. This fund was supposed to be eliminated after Massachusetts mandated individuals to have health insurance back in 2006.

Despite Massachusetts claiming that over 95% of residents have health insurance, this fund continues to exist. It is funded with annual contributions of \$160 million each from hospitals and insurers which are ultimately paid by health consumers in the form of higher premiums or charges. Hospitals are seeking additional money from the state to cover a deficit in the fund. ECOH has called for a detailed audit of the fund to determine what is driving the deficit before additional taxpayer dollars are provided. ECOH also opposed the proposed Commission because its membership is skewed heavily to hospitals that have a vested interest in the Commission's recommendations and because the Commission assumes the long-term sustainability of the fund, in contrast to the intent of Massachusetts landmark health care reform law.

ECOH thanks Senate Minority Leader Bruce Tarr for offering [amendment 63](#) to provide ECOH a seat on the Commission and [amendment 25](#) requiring more stringent reporting of how the taxpayer supplemental payments were accounted for and to advance the hospital's efficiency. Both were resoundingly rejected by the Senate.

If the House embraces the Senate's full \$532 million proposal, the total supplemental spending approved in 2025 so far would be \$1.39 billion. This figure will grow higher still, as a fourth supplemental spending plan is likely necessary to close out the budget.

See McAnneny [Op-Ed](#) in CommonWealth Beacon on the Health Safety Net Trust Fund.

The New Members of the Reconstituted Health Policy Commission Announced

The Health Policy Commission (HPC), an independent state agency working to improve the affordability of health care for all residents of the Commonwealth, has a new Board that reflects the changes enacted by lawmakers last year.

ECOH has voiced concern about the current Board makeup due to its lack of employer representation while allowing stakeholder advocates to be appointed. ECOH will continue to make the case that the employer voice is critical to health care affordability conversations. The HPC's work must be data driven, impactful and carried out objectively.

See the HPC [appointees](#)

Read ECOH's comments in the State House News [Article](#)

ECOH Members Attend a Healthcare Business Summit

Several members of ECOH attended a recent event at the UMass Boston Club hosted by Dr. Wayne Altman and supporters of the PCP4YOU Coalition, which is a group of doctors and others who have put forth a legislative proposal to transform the way primary care is delivered as well as improve access and affordability. ECOH voiced concern over a provision in the bill that would add a surcharge to employers to pay for this transformation, but is otherwise supportive of innovative approaches to improving our health care delivery system, including bolstering the network of primary care providers and providing them with the resources they need to quarterback for people's health by redirecting monies in the health care system from inappropriate or unnecessary care to primary care.

Read the proposal [here](#).

Bills Await Public Hearings

As part of its proactive legislative agenda, ECOH worked with Representative Hannah Kane on filing two bills aimed at Improving Healthcare Affordability

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

This ECOH sponsored bill proposes establishing a Massachusetts Merged Market Advisory Council and charges it with assessing how market changes have impacted affordability for small businesses. The council will examine several aspects of the fully insured market, including market stability, trends, health care 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. The bill has been referred to the Joint Committee on Financial Services.

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

The Health Policy Commission (HPC) has identified that the unit price increase at hospitals has been the primary driver of rising health care costs each year for the past several years. To address the growing health care 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, 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. It has been referred to the Joint Committee on Public Health.

To help formulate the legislation, ECOH collaborated with Bailit Health consultants and the Milbank Memorial Fund to conduct a study of potential metrics for measuring health care efficiency.

You can read the full hospital efficiency report [here](#).

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

News You Can Use

[Massachusetts Seeks to Address Shortage of Primary Care Doctors - The New Bedford Light](#)

[Viewpoint: A Call to Action for Affordable Health Care in Massachusetts – Boston Business Journal](#)

[Editorial: Health Insurance 13.4% Rate Hike Is Unaffordable - The Boston Globe](#)

[Sustainable Health Care Costs Newsletter: June 2025](#)

[Medicaid spending in Mass. has nearly quadrupled in the past 20 years. It need reform.- The Boston Globe](#)

ECOH in the News

[Big Health Insurer Cites Losses in Push for Higher Rates – State House News Service](#)

[Health Policy Commission Maintain 3.6% Healthcare Cost Growth Benchmark – Boston Business Journal](#)

[Health Insurers in Massachusetts Seeking Steep Rate Increases – Boston Globe](#)

[Business advocates once again urge state to rein in healthcare costs – Boston Business Journal](#)

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