



Rein in Out-of-Pocket Costs and Premiums

An Act Providing Affordable Care through Out-of-Pocket Assistance (HD.3405/SD.1954)

Lead Sponsors: Rep. Driscoll and Sen. Cronin

An Act Reining in Premiums through Stronger Rate Review (HD.2484/SD.1951)

Lead Sponsors: Rep. Barber and Sen. Cronin

Why is legislation needed?

Health care costs faced by consumers across the Commonwealth, including those with insurance through their jobs, are increasing year after year, often much faster than overall health care costs. Rising out-of-pocket costs and premiums are squeezing the budgets of Massachusetts families and preventing them from accessing the care they need.

- Despite high levels of coverage in Massachusetts (MA), [41%](#) residents struggled to afford health care this past year.
- Over [60%](#) of Massachusetts residents get insurance through their employer—by far the most common coverage type. Almost [half](#) of covered employees are enrolled in high deductible plans, which often leave consumers responsible for thousands of dollars in out-of-pocket costs.
- Premiums for individual and small employer plans have risen between 5% and 8% each year for the last four years, and family premiums have nearly tripled over the past two decades.

Why is this a health equity issue?

- Health care affordability is fundamentally a health equity issue. In MA, [75%](#) of Black adults and 68% of Hispanic/Latino adults face affordability challenges, like rationing a prescription or being uninsured due to cost, compared with only 46% of white adults.

What does this legislation do?

- **Out-of-Pocket Cost Assistance:** Offers residents with high-cost employer-sponsored insurance supplemental coverage to help assist with out-of-pocket costs.
 - The out-of-pocket cost assistance program would provide supplemental insurance coverage for people under 500% of the federal poverty level with employer insurance to cover a portion of their co-pays, deductibles and co-insurance when they get care.
 - The program would pay the difference in out-of-pocket costs between their plan and ConnectorCare plans. It would build off of an existing state program. Employer plans would still have to meet current “affordability” standards for employees to be eligible.
- **Rate Review Reform:** Reins in rising health insurance premiums faced by families and small businesses by strengthening the Division of Insurance (DOI) rate review process, building on the Commissioner’s authority to approve premium rates proposed by carriers.
 - Authorizes the DOI Commissioner to propose modified rates in addition to their existing authority to approve premium rates proposed by carriers.
 - Creates an affordability standard so that the Commissioner can reject or propose a modification to a proposed rate not just for actuarial reasons, but because the proposed rate would be unaffordable to consumers. This is similar to the approach taken in Rhode Island and several other states.

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