

An Act to address health care costs through the cost benchmark and rate review processes.

Bill Number:
H.1361

Lead Sponsor:
Rep. Duffy

This proposal addresses rising health care costs by enabling more accountability and flexibility in the state's health care cost benchmark and insurance rate review process. This builds on the market oversight law passed in 2024.

What does this legislation do?

- Creates more flexibility and accountability in the health care cost benchmark process by:
 - Enabling the Center for Health Information and Analysis (CHIA) to make referrals to the Health Policy Commission (HPC) for cost reviews based on whether a hospital, health system or insurer's spending level and growth is excessive and threatens state's ability to meet the benchmark.
 - Allowing different standards for referring health care entities for review depending on their baseline spending, pricing levels and payer-mix.
 - Increasing the penalties HPC can levy on health care entities for non-compliance with the Performance Improvement Plan (PIP) process. Penalties could be assessed up to the amount the entity exceeds the benchmark for a third instance of non-compliance.
- Gives the Division of Insurance (DOI) new rate review tools to push back on rising insurance premiums. Rather than just approving or disapproving rates, DOI would be able to propose modified rates to an insurer.

Why is this legislation needed?

- More than 40% of MA residents report challenges affording care, and more residents are enrolled in high-deductible plans – often putting care out of reach for many families and businesses.
- Premiums rose nearly **8%** in 2025 for individuals and small businesses, and family premiums have nearly tripled over the past two decades.
- High-cost health system prices are a leading driver of unsustainable health care cost growth:
 - Hospital outpatient spending represented the **second highest** category of growth in the state, and prices for inpatient hospital stays increased **34%** between 2018 and 2022.
 - There is also enormous variation in prices with hospital outpatient prices **two and a half times** higher at the most expensive hospital system than the least expensive one.

Why is this a health equity issue?

- Black and Hispanic/Latino residents are **more likely** to report challenges affording care than their white counterparts.
- 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.