https://www.statehousenews.com/news/healthcare/health-insurance-woes-reaching-inflection-point-commissioner-says/article_b2e7c2af-6cd8-41e8-904d-aa42494b71f8.html

Health insurance woes reaching 'inflection point,' commissioner says

Caljouw: 'We have things that we can and should do to try to tackle some of these issues'

Alison Kuznitz
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Division of Insurance Commissioner Michael Caljouw on the stage at a press conference related to vaccine access on Thursday, Sept. 4, 2025.

STATE HOUSE, BOSTON, July 27, 2026.....A day after approving sharp health insurance premium hikes, the state insurance commissioner reflected on the deteriorating landscape but pointed to policy levers that could start to bend the cost curve.

Nearly 700,000 Bay Staters will see an average 10.4% premium jump in the merged market, where many individuals and small businesses get coverage, under rates for 2027 that the Division of Insurance approved Wednesday. The average family plan is now expected to incorporate total premiums that exceed $50,000, underscoring worsening healthcare affordability challenges.

"I think I have a unique perspective managing the merged market in particular, but fully insured health insurance overall — the status quo is unacceptable," Insurance Commissioner Michael Caljouw said at a Health Policy Commission meeting Thursday.

"It's getting worse and worse every day," Caljouw continued. "And we're at a stage now, an inflection point, where we need to take action in a number of different ways. None of them are going to solve the problem. And in fact, many of the issues that we're experiencing are national in scope — they're not just Massachusetts-based. But we have things that we can and should do to try to tackle some of these issues."

The HPC on Thursday discussed the escalating use what it called "low value care." Presenters gave examples of such care, mentioning testing, imaging, procedures and prescription drugs that are typically unnecessary for patient care and are contributing to healthcare spending growth.

Commissioner Keith Marzilli Ericson, a health economist from Boston University, asked Caljouw if the merged market rate increases are driven by "changing risk selection." Some insurers may use risk selection to avoid enrolling sicker members who will need more expensive medical care, according to KFF.

Caljouw said rates will increase if the pool's risk profile worsens.

"If, for example, the risk pool continues to deteriorate in terms of membership, that's not a good thing," he said.

Small businesses are increasingly fleeing the merged market due to premium pressures and embracing self-insured plans that are not subject to state benefit mandates, according to Retailers Association of Massachusetts CEO Jon Hurst. More than 500,000 lives, or about 60% of the total small group market, have left since 2007, Hurst said in testimony to the HPC in April.

"As we have stated for many years, small employers need fairness and help on controlling health care and insurance costs," Hurst wrote.

Market departures intensify the risk for the remaining merged market, Caljouw said.

"We're in this constant cycle of every year, there's a deterioration on the risk pool in the merged market, the fully insured risk pool," Caljouw said. "I think there are things that the state needs to and can do more aggressively around that topic, and I look forward to being active in that space longer-term."

Caljouw indicated the HPC's analysis of low-value care is a "great start" for alleviating financial strains.

Nearly one in four commercially insured residents in 2024 received at least one of 17 low-value services tracked by the HPC, said research director David Auerbach. That translates into about $61.6 million in healthcare spending.

Between 2022 and 2024, low-value service use climbed across four major categories: tests and procedures, imaging, drugs and screenings, according to Auerbach's presentation. Those services included Vitamin D screening for patients without chronic conditions, spinal injections for lower back pain, imaging for headaches, and concurrent use of two or more antipsychotic drugs.

Commissioner Umesh Kurpad, former CFO of Point32Health, said low-value care is typically attributed to "provider-driven bad behavior." But he questioned whether consumers with "access to all kinds of information" may be driving some of the demand for unnecessary care.

Auerbach said patients may demand a certain image or service based on "what they've heard or seen," which he said then puts "the provider in a difficult position."

"It's kind of hard to quantify how much is consumer driven. That might be on the rise," Auerbach said. "You hear about full-body MRIs as a trend — that scares me."

Kurpad replied that it's important to remind consumers about their role in managing healthcare costs. HPC Executive Director David Seltz pushed back against that framing and said the agency wanted to present the data in a "non-judgmental way" and look for opportunities to use healthcare system resources "more effectively."

"The use of low-value care by provider organizations suggests that might be a valuable input to our performance improvement plan process," Ericson said. "Because that would be a lever that a given institution might have to do better if they are exceeding their spending targets."

Gov. Maura Healey's Health Care Affordability Work Group has yet to unveil recommendations that were expected in June and that could have influenced legislation before the end of scheduled formal sessions this week. The Senate passed a primary care reform package last month, and the House is mulling prescription drug policies.

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