

# Cost Benchmark vs. Health Insurance Premiums

## What's the Difference?

### Cost Benchmark

The cost benchmark is set by the Commonwealth to **RETROSPECTIVELY** measure the growth in total health care spending. It includes **ALL** types of coverage, including Commercial, Medicare, and Medicaid plans.

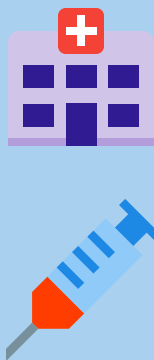
Why did my premium increase more than the state's 3.1% health care cost growth?

### Health Insurance Premiums

Premiums are set **PROSPECTIVELY** to predict what the total costs will be for **COMMERCIAL** members. It is based on historical spending, future costs, acuity of members, rating factors, new drugs, technology, taxes, fees, and assessments.



66%



## WHEN THE PRICES CHARGED FOR HOSPITAL CARE AND PRESCRIPTION DRUGS INCREASE, SO DO PREMIUMS.

Of the total spending growth from 2017 to 2018, 66% was attributable to these areas:

26.4% increase for prescription drugs

20.4% increase for hospital inpatient services

19.8% increase for hospital outpatient services



Medical Loss Ratio  
highest standard in the nation

## HEALTH PLAN SPENDING & PROFITS ARE HIGHLY REGULATED:

Massachusetts Health Plans must spend **88%** of every premium dollar on member care. If they don't, consumers receive rebates.

State regulators can disapprove health plan rates if plan surplus exceeds **1.9%**.

