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The **Retailers Association of Massachusetts (RAM)** today urged the Health Policy Commission (HPC) to return the state healthcare benchmark back to 3.1%. RAM President Jon Hurst reported on the results of the survey of the Association's members. The survey returned an average member premium increase of 11.7%, which was the largest member increase since 2017. The member survey also showed 27% were forced to increase employee cost sharing, 20% changed carriers, and 3% dropped coverage. Hurst also noted that medical inflation seems to continue to disproportionately hurt small businesses of 50 or fewer employees (those in the Merged Market), when compared to large employers and government payers. He urged a detailed investigation of why small businesses pay more for less coverage versus large employers, and what has happened to the 400,000 small group lives that have disappeared from the merged market risk pool since 2007.

"RAM has surveyed our members every year since the HPC benchmark was originally set, and the 11-year average increase has been 9.61%, which is typically three times higher than the benchmark and GIC increases, and nearly five times the rate of inflation. I have a very hard time believing employees of small businesses are three times less healthy than those that work for big business, for state and local government, or those which receive taxpayer funded coverage," Hurst said. "Small businesses compete every day with large employers for employee recruitment and retention, and they are at a severe disadvantage under health insurance costs today in Massachusetts," he said.

Hurst stated that there are two little understood or acknowledged reasons why employees of small businesses pay more for less coverage than those who work for large employers: 1. Risk pools, and 2. State mandated benefits. In merging small group and non-group into the same risk pool, Massachusetts is a national outlier, forcing premium cross subsidies from small businesses to individuals.

State mandates are the other cause for premium discrimination for small businesses. With 32 state mandates, the Department of Insurance reports that self-insured employers operating under federal law are not fully covering those costly state mandates, unlike fully insured small businesses. Self-insured employers (the majority of the commercial market in MA) only need to follow federal law, and therefore only cover the ten Essential Benefits under the ACA.

"Providers in Massachusetts keep pushing unaffordable medical inflation by both pressing for higher commercial reimbursements rates, but also through the expansion of state mandated benefits," Hurst said. "Small businesses in Massachusetts face clear market discrimination by being required to both

cross subsidize individuals through their premiums, and to fully cover a variety of special provider procedures which are avoidable and avoided by many large employers. It is unfair, and it is a major reason why small businesses are suffering with unaffordable premiums.”

Hurst noted that small businesses are increasingly moving to self-insured plans to avoid those premium cross subsidies and state mandates. He noted that according to the Division of Insurance, 400,000 small business lives have left the fully insured Merged Market risk pool since 2007.

Hurst urged the HPC to cut the state benchmark, and to start putting a spotlight on state laws which create unequal costs and choices in the Commonwealth based upon the size of the employer.
