MASSACHUSETTS HEALTH POLICY COMMISSION

EOHHS

Statutory Deliverable #5: Assess the Impact of Health Plan Design on Health Equity and Patient Access to Primary Care Services

Introduction

Health care affordability ranks as a top concern among Massachusetts residents.[1] As health care costs continue to rise, growth in two key features of health insurance benefit design – health insurance premiums and cost sharing – is straining household budgets.[2] From the insured's perspective, premiums are fixed costs in a household's monthly budget, whether deducted from an employee's paycheck or paid directly to the insurer, while out-of-pocket health care spending (cost sharing) are variable costs that individuals and families often aren't able to plan for. If these costs pose a financial challenge, the consumer may forgo care, incur medical debt, or cut back on other necessities. Together, premiums and cost sharing reflect underlying health care costs which continue to grow steeply; the balance between the two requires significant trade-offs. Efforts to constrain or reduce cost sharing should therefore be paired with policy reforms to address the underlying drivers of health care spending to ensure that premiums do not increase.

In Statutory Deliverable #4, the Massachusetts Primary Care Access, Delivery, and Payment Task Force (PCTF) recommended that the Legislature should authorize the development of common guidelines and a framework for an advanced primary care payment model that would be available to all primary care practices in Massachusetts, including independent practices, pediatric practices, federally-qualified health centers (FQHCs), and hospital system-based-practices, and all patients in Massachusetts. As part of this recommendation, the PCTF advised that there is an opportunity to pair primary care payment reform with changes to commercial health plan benefit design, such as patient cost sharing, that will complement the core goals stated above, particularly to "improve patient access and experience."

Primary Care Task Force Deliberation: Statutory Deliverable #5

At the PCTF Data and Research Workgroup meeting on November 18, 2025, workgroup members reviewed key findings and policy recommendations from the Massachusetts Health Policy Commission (HPC) 2025 Health Care Cost Trends Report. The presentation included a brief policy background on cost sharing, opportunities to improve out-of-pocket costs for Massachusetts residents, trends in growth in average cost sharing and deductible spending per resident, trends in cost sharing by type of service, the effect of ancillary services provided at office visits on unanticipated cost sharing, and an analysis of cost sharing for preventive services. Members also reviewed considerations for health insurers to design more consumer-friendly cost sharing benefits, examples from payers and public employers who have implemented innovative cost sharing

[1] Blue Cross Blue Shield of Massachusetts. Massachusetts residents cite high costs as the most important issue in health care. Mar 20, 2024. Available at: https://newsroom.bluecrossma.com/2024-03-20-MASSACHUSETTS-RESIDENTS-CITE-HIGHCOSTS-AS-THE-MOST-IMPORTANT-ISSUE-IN-HEALTH-CARE

[2] Insurers' approved rate increases in the individual and small group markets averaged 11.5% for 2026. See: https://www.mass.gov/info-details/2026-healthinsurance-rates#final-merged-market-rates-effective-for-2026/. Massachusetts family premiums were highest in the U.S. in 2024 at $28,151 annually. See https://datatools.ahrq.gov/meps-ic/

strategies, and policy options to improve cost sharing predictability and affordability. See HPC Findings below.

At the PCTF meeting on April 8, 2026 the full task force membership was also briefed on key findings and policy recommendations from the HPC's research on trends in cost sharing. After the presentation, task force members engaged in discussion about the impact of high deductibles and out-of-pocket costs on patient access to primary care services. Many of the clinicians on the task force described experiences with patients who would ration care for themselves and their families or refrain from bringing up medical concerns out of fear the care they received would result in a bill they could not afford. Members noted that patients need transparent, predictable, and comprehensible cost sharing policies from their health plans to be able to make informed decisions about their health care. While members reflected on the inverse relationship between cost sharing and premiums, one member highlighted that some insurers have started offering innovative plan designs that redistribute cost sharing from deductibles to copays, with variable copay-only cost sharing without the negative effects of deductibles with competitive premiums. Another member highlighted the Massachusetts Health Connector's efforts to minimize cost sharing for primary care and behavioral health, including exempting primary care from deductibles and capping patient copays for primary care at $10 per visit. The health plan representative emphasized that high underlying medical spending trends lead employers and individuals to make difficult trade-offs between premium and cost sharing amounts and, as a result, often choose high deductible plans.

At the PCTF meeting on May 5, 2025, members considered draft recommendations developed by the PCTF Co-Chairs and HPC staff, focusing on cost sharing as an element of health plan design impacting patient access to primary care services and increasing administrative burden. Members discussed direct and concierge primary care models and the potential benefits to patients and clinicians of PCP visits (such as 1-2 visits per year) excluded from cost sharing so all patient concerns could be addressed. Members agreed that efforts to restructure cost sharing to improve access to primary care and increase health equity must be paired with actions to address underlying drivers of growing health care costs.

Primary Care Task Force Recommendation: Statutory Deliverable #5

The Commonwealth should continue its efforts to improve health care affordability, including addressing the burden of cost sharing and underlying growth in health care spending, and should promote health plan benefit designs that minimize barriers to primary care, are consumer-friendly, and are less burdensome for providers. Recent actions by the Division of Insurance (DOI) in the Merged Market to limit cost share growth for 2027 filings to 3.6% is one example of meaningful cost sharing regulation.[3]

- **Cost sharing design should encourage patient use of primary care**. To encourage and empower patients to discuss medical concerns with their primary care providers, deductibles and co-insurance for primary care services should be minimized. In addition, plans should minimize cost sharing, including through episode-based co-payments, for routine services commonly associated with a preventive care visit (e.g., evidence-based labs,

[3] Commonwealth of Massachusetts Division of Insurance Health Coverage Filing Guidance Notice 2026-B (February 2026). See: https://www.mass.gov/doc/filing-guidance-notice-2026-b-rate-and-form-filings-for-calendar-year-2027/download

imaging) and integrated behavioral health and in line with federal requirements (e.g., for health savings account (HSA)-compatible high deductible health plans (HDHPs).[4] The Legislature should consider requiring carriers to prohibit or moderate cost sharing for services, as allowable under federal guidance, covered by the advanced primary care payment model.

- **Plan design should minimize patient and provider administrative burden**. In addition to considering the patient user experience, plan designs should aim to reduce administrative burdens on primary care providers, by reducing prior authorization for evidence-based primary care services (in line with DOI guidance), reducing and standardizing prior authorization requirements for other appropriate evidence-based services, and easing referral management. Further recommendations for reducing administrative burden and complexity will be addressed in Statutory Deliverable #7 (create short-term and long-term workforce development plans to increase the supply and distribution of and improve the working conditions of primary care clinicians and other primary care workers).
- **Efforts to reduce cost sharing must be coupled with measures to reduce health care costs.** To ensure that consumer-friendly benefit design reforms do not increase premiums or the total cost of care they should be paired with reforms that address the underlying drivers of health care costs and improve health care affordability.

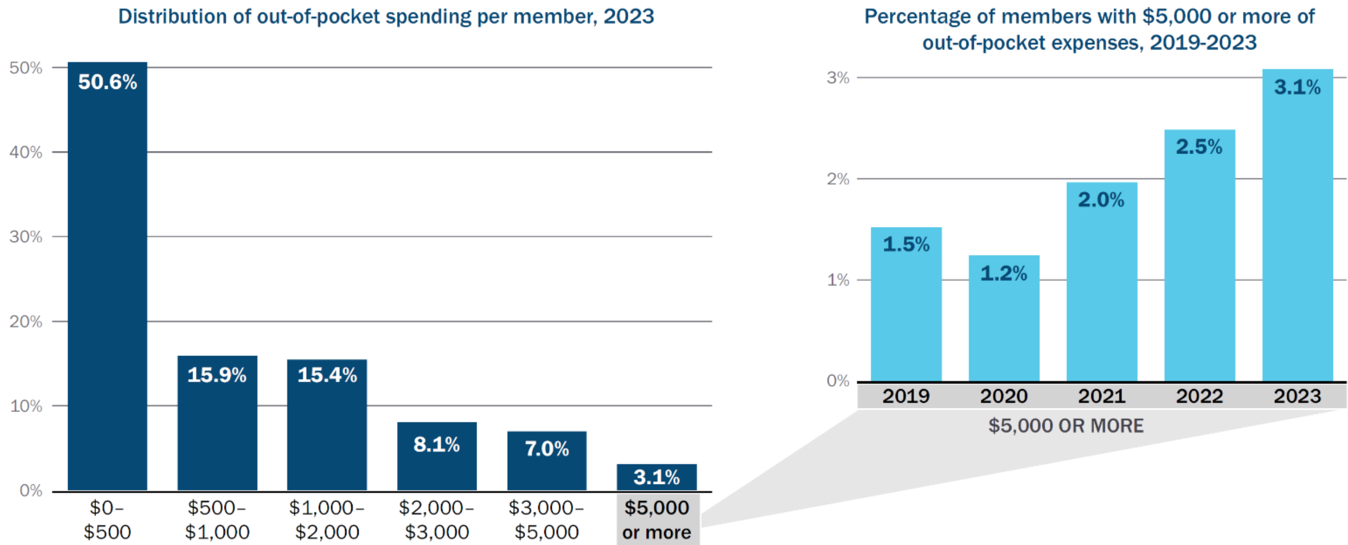
HPC Findings: Trends in Cost Sharing and Opportunities to Improve Benefit Design in Massachusetts

As discussed in the HPC's 2025 Health Care Cost Trends Report, deductible-based cost sharing benefit designs can result in large bills that are difficult for consumers to anticipate in advance, including for common primary care services. As a result, this type of benefit design can pose equity challenges, placing Massachusetts residents with limited savings at particular risk of financial harm.

Patient cost sharing in Massachusetts is high and growing. From 2019-2023, average commercial member cost sharing grew by 29%, from $849 annually per member to $1,094, faster than the growth in insurer-paid amounts. Additionally, the distribution of cost sharing varies dramatically. Half of commercial members paid under $500 in 2023, while 10% paid more than $3,000 – and the share paying $5,000 or more has doubled since 2019 (Exhibit 1). Payments towards deductibles represented 58% of all cost sharing in 2023, up from 54% in 2019, indicating that the composition of cost sharing is increasingly shifting to the type of out-of-pocket spending that is most unpredictable for patients.

[4] To be HSA-eligible, HDHPs must meet federal requirements regarding minimum deductible levels, maximum out-of-pocket limits, and restrictions on first dollar coverage. 26 U.S.C. § 223.

Exhibit 1. Distribution of cost sharing per member per year in 2023; percent of members with $5,000 or more in cost sharing per year, 2019-2023



Notes: Data represents cost sharing among commercial members with full year medical and pharmacy coverage ages 0-64 with any utilization.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database V2023, 2019-2023.

Average annual commercial out-of-pocket spending was similar for patients across all community income levels in 2023, meaning that it represented a greater financial burden for members with lower incomes. A large, unexpected medical bill can pose financial risk for households with lower incomes: if savings are unavailable, paying an anticipated bill can require the use of debt or making tradeoffs in household necessities.

The negative impacts associated with deductibles are not limited to infrequent and high intensity services like Emergency Department (ED) visits and inpatient care. Even when patients seek primary care, deductibles can lead to unpredictable and potentially large bills. A common benefit design is applying a copay for the primary care office visit itself, while applying the deductible for ancillary services provided during the visit, such as lab tests or simple imaging. HPC analysis found that average cost sharing was $74 for office visits with a lab test for common concerns such as sore throat or cough, with about 10% of patients paying $200 or more. In addition to presenting financial challenges for many patients, unexpected bills for common and easily treatable conditions can create a chilling effect, leading patients to avoid primary care in the future. Such avoidance may result in more costly downstream health care use, such as ED visits or treatment for an exacerbated condition.

Additionally, deductibles may also result in one or more bills weeks or months after the care is provided, increasing the potential for patient confusion and administrative burden. According to the Center for Health Information and Analysis, 20% of Massachusetts residents surveyed in 2025 experienced some type of administrative burden related to their health care or health coverage, and nearly 10% reported problems resolving a bill with a health plan. Administrative burden related to medical bills raises further equity concerns, as patients with lower socio-economic status may be less likely to have the time, resources, or expertise needed to understand and address them. It may

also increase administrative burden for providers, who must field questions and concerns from patients who have received unanticipated bills.

The 2025 Health Care Cost Trends Report described opportunities for alternative cost sharing models that would be more consumer-centric, incorporating principles of predictability, transparency, and ease of understanding. The report identified affordability is a key consideration for cost sharing for primary care services and provided examples from both public and private sectors of innovative approaches to cost sharing designs that incorporate consumer-friendly principles.