Central MA Health Benefit Bulletin

BCBS-UMass deal reached; Access preserved, Costs in question

BCBS–UMass Deal Averts Network Disruption

On November 13, 2025, Blue Cross Blue Shield of MA and UMass Memorial Health announced a new three-year contract, ending their months-long reimbursement standoff. This deal is unequivocally good news in terms of access to care: it means BCBS members can continue using UMass Memorial's hospitals and physicians without interruption. Nearly 200,000 members in Central Massachusetts who had been warned of losing in-network access by Jan 1 are relieved of that concern. BCBSMA's CEO celebrated that the agreement maintains coverage "*without disruption*" for patients.

The Hidden Price of Peace: Higher Reimbursements, Higher Costs

While the agreement is a relief for members, it was not *cheap*. **Likely, it means** BCBSMA agreed to pay UMass Memorial higher reimbursement rates **than before for medical services.** Both parties issued a statement saying the deal *"aligns with our shared interest in making health care more affordable while providing the resources UMass Memorial needs to continue…high-quality care."*. Reading between the lines, "resources UMass needs" suggests UMass secured a rate increase to help cover its rising costs, while BCBSMA tried to contain how big that increase was in the name of affordability.

It's important to note that no exact numbers were made public about the reimbursement rates. However, industry context gives us clues: Massachusetts insurers have testified that hospitals have recently been demanding 20%–40% rate while BCBSMA and Point32Health were *"bleeding red ink"* in 2024, with BCBSMA posting over $269 million in operating losses by mid-year. In this context, BCBSMA had strong incentive to hold the line on UMass's demands. **In fact, Blue Cross had warned that acceding to a big increase would *"make premiums even more unaffordable"* for customers.**

Ultimately, though, UMass Memorial had leverage: as a major "must-have" hospital system, it could push for significant increases by virtue of its importance to BCBS's network. The likely result is a compromise contract with moderate-to-high rate increases for UMass. **UMass's CEO, Eric Dickson, candidly noted after the deal that the** cost of care is skyrocketing **and that even with this agreement, *"in coming years, safety net hospitals…will continue to face mounting financial challenges".*** In other words, the deal doesn't signal that cost pressures are solved – it simply moves the friction behind the scenes, into the realm of premiums and fees.

For BCBSMA and employers, the immediate concern now shifts to paying for this deal. Blue Cross will absorb the higher provider payments initially, but over time those costs get passed through. As the prior bulletin we shared put it: ***"Those higher medical costs will flow through to premiums in the future."*** Health plans must account for rising provider fees when setting rates for upcoming years. In practical terms, employers can expect BCBSMA's premiums to increase to reflect the richer payments to UMass. BCBSMA tried to frame the contract as supporting affordability, but notably did *not* claim it would reduce costs – only that it balanced affordability with UMass's needs.

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Impacts on Premium Trends – 2026 and Beyond

Even *before* this agreement, Massachusetts' health insurance market was in the midst of steep cost escalation. The resolution of the BCBS–UMass standoff will add further fuel to an already burning fire of rising premiums:

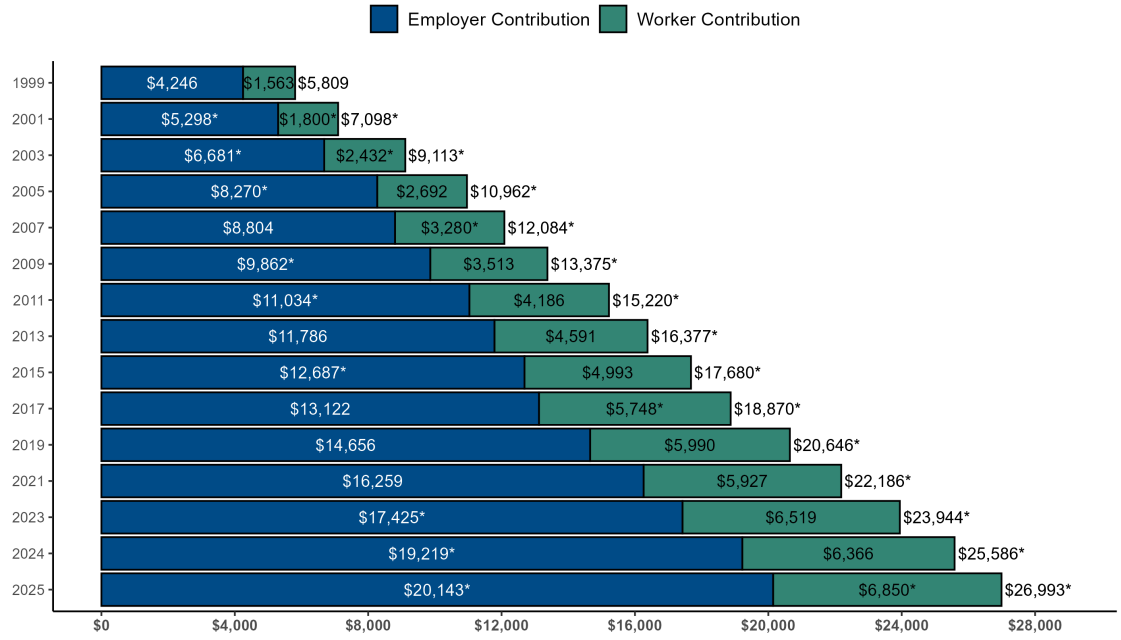
- Premium Trend Already Spiking: Massachusetts insurers recently filed for an average +13.4% premium increase for 2026 in the merged individual/small-group market. This is an eye-popping jump – ***"a whopping 13.4 percent,"*** according to the state Division of Insurance – especially compared to the more modest increases of recent years.

- Cost Drivers: What's behind 13.4%? Insurers cited surging claims costs – hospital prices and utilization jumped significantly, and pricey new specialty drugs (e.g. popular GLP-1 weight-loss medications) have bloated pharmacy spend.

- Now, Add Higher Provider Contracts: A contract resolution like UMass's – which likely entails above-trend increases in hospital reimbursement – becomes an additional accelerant. **In fact, multiple insurers testified that *provider demands for big rate hikes* were a reason they sought double-digit premiums.** The BCBS–UMass deal validates those concerns: to keep UMass in-network, BCBSMA had to grant higher rates than it wanted, which pushes the overall cost baseline higher going into 2027.

- Outlook for 2027: While it's too early to quantify 2027 premiums, the implications are worrisome. A senior industry figure remarked that these fights over reimbursements are *"a core reason premiums climb and networks shift"*. Every point of concession in a provider contract eventually shows up as a point added on a renewal increase. **In short, the deal's short-term win (no network loss) likely means a long-term cost addition for employers at renewal time.**

Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999-2025



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).
SOURCE: KFF Employer Health Benefits Survey, 2018-2025; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

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What It Means for Employers & Members

Higher healthcare costs inevitably flow into higher premiums. When insurers like BCBSMA face rising provider payments, they recoup them through rate increases. Employers sponsoring health plans will feel this in their renewal negotiations. **CFOs and HR managers should anticipate that BCBSMA (and other carriers) will cite this UMass contract as an added cost driver in upcoming year pricing.** The 13.4% trend for 2026 already bakes in substantial provider payment growth; 2027 could bring similar ask levels if these trends don't subside. But Apex isn't waiting…

Call to Action: Put Apex on Your Side

1. Apex Association Plan – Nationwide Network & Data-Driven Insights

One of Apex's flagship cost-containment tools is our Association Plan, a group health cooperative that gives employers (even those with as few as 1 employee) access to large-group benefits**.** By banding together hundreds of smaller companies, the Association Plan creates big purchasing power and spreads risk broadly. What does this mean for you?

- **Access to a National PPO Network**
- **Economies of Scale & Plan Design Options**
- **Member-Level Claims Data & Analytics**
- **Case Studies of up to 45% Savings versus Local HMO Plans**

The Apex Group Health Cooperative now serves **over 1500 businesses in 30+ states, covering 30,000+ members**. This scale has produced **credibility in underwriting** – our pool's performance data yields more predictable rates than a single small employer's experience might. Employers in the coop have escaped the "random spike" problem (where one large claim might wreck a small group's rates), because the risk is spread across a huge base.

2. Massachusetts Marketplace Analysis & Steerage – Better Care at Lower Cost

Another core Apex capability is our in-depth Massachusetts healthcare market analysis and the development of steerage programs to capitalize on that analysis. In practice, this means we actively guide your employees to high-quality, lower-cost providers and services, which improves outcomes and slashes unnecessary spending. Here's how we do it:

- **Claims & Demographics Analytics to pinpoint opportunities**
- **Network Mapping & Steerage Design with Value Tiers for Cost & Quality**
- **Member Engagement & Demographic Targeting via Apex Explorer Platform**
- **Better outcomes and lower total cost of care with fewer surprises at Renewal**

In the context of the BCBS–UMass deal: if future hospital contract showdowns occur or certain providers become too expensive, Apex's steerage framework means we **already have a playbook ready**. We can say, "If hospital A is demanding big raises, let's make sure we have hospital B and C in the area optimized in our plan as alternatives." **The overall message: Apex doesn't accept high costs; we constantly study the marketplace and navigate your people to value. That is how we counteract the upward trend – by actively managing *where* and *how* care is delivered.**

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3. GLP-1 Playbook – Innovative Approach to Weight-Loss Medications

The recent explosion in GLP-1 weight loss drugs is a microcosm of our healthcare cost challenge**:** tremendous clinical benefit for patients, but at a tremendous cost. **Apex's stance is that we can support employees who need these medications** *and* **protect our clients from unsustainable costs**. That's why Apex is rolling out a **"GLP-1 Strategic Wellness Playbook" in January**, which gives employers a smarter, more affordable path to handle weight-loss treatments. Here's a sneak peek at how it works:

- **Carve-Out + Carve-In Philosophy:** Our recommended strategy is to carve GLP-1 weight-loss drugs out of the insured plan and *carve in* a set of supplemental solutions to help employees with weight management. In other words, we don't pay Blue Cross an extra 8-15% to cover Zepbound for everyone; instead, we invest a smaller fraction of that into targeted programs that employees can use if they need help losing weight.
- **Lifestyle Spending Accounts (LSAs):** One component is offering **Lifestyle Spending Accounts** – essentially employer-funded wellness stipends that employees can use for health programs of their choice. An LSA empowers those who want to lose weight to pursue it in the way that works for them – maybe that's a personal trainer, maybe a dietitian, maybe a mindfulness course to address stress eating – while **capping the employer's cost**.
- **Carrier/Third-Party Weight Management Programs:** We also leverage programs like BCBSMA's Teladoc "Weight Care" or similar offerings from other carriers, and third-party solutions like HealthJoy's CareGLP**.** These are specialized programs that provide coaching, monitoring, and controlled access to GLP-1s
- **Apex GLP-1 "Rx Rebate Card":** Perhaps the most novel piece is the new **Apex GLP-1 Card**. **The idea is to provide a route for employees to get GLP-1 prescriptions outside of the insurance plan but still with some financial assistance – and crucially, the opportunity to capture pharmaceutical rebates for the employer.** The Apex card program, it's done in a way that *"provides affordable options without inflating premiums"* and could potentially capture rebates to help the employer manage spend.

When it's time for the healthcare conversation at your organization, make sure Apex Benefits Partners is at the top of your resource list. We're ready to bring an out-of-the-box, results-driven approach to your Central MA business. In an environment where 800-pound gorillas jostle and healthcare costs climb, Apex is the partner that helps you level the playing field – keeping your employees covered, your costs in check, and your mind at ease.

Let's talk about a smarter strategy for your next renewal. Reach out to Apex to learn how we can help you navigate whatever comes next.

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