

New Study in Health Affairs Documents Rapid Rise in Healthcare Spending in Massachusetts After COVID-19 Pandemic

Peer-reviewed seven-year study (2018-2025) highlights significant increase in use and intensity of medical services and high-cost prescription drugs; changes in provider coding may also have played a role in spending growth

BOSTON - October 6, 2026 - A new study in the national journal *Health Affairs* highlights the rapid, post-COVID acceleration of healthcare costs in Massachusetts, revealing that spending growth surged far faster than pre-pandemic baselines.

Key Findings

- **Dramatic Cost Acceleration:** The study found that annual healthcare spending growth peaked at nearly 12% by mid-2025 - a stark contrast to the stable, pre-pandemic annual growth rate of just over 1% recorded in 2018–2019.
- **Shifting Care and Billing Trends:** The single largest driver in post-pandemic spending growth was a shift in what's known as "service mix," which includes changes in patient demographics, what medical services they get and where they receive them, and how that care is billed. Alongside the rising cost of high-priced specialty drugs and treatments, another key indicator points to changes in provider coding and billing practices as a material driver of spending. These findings are consistent with a [new analysis](#) just released from the Blue Cross Blue Shield Association (BCBSA), which found a sharp increase in patients being documented as having complex conditions.
- **Skyrocketing Drug Costs:** Alongside billing changes, overall healthcare spending continues to be heavily driven by high-priced specialty medications and treatments, which are rising in cost much faster than standard inflation.

Why It Matters

This rapid rise in spending directly drives up premiums and out-of-pocket costs for consumers and employers, making coverage less affordable. Understanding the drivers of this growth can help stakeholders craft solutions that protect consumers and keep high-quality care within reach.

What They're Saying

"The sudden rise in healthcare spending after COVID is putting enormous pressure on a system that was already struggling. When we dig deeper into the numbers, we can see a major shift in how money is being spent - which tells us that both doctors and patients are behaving differently than before. The data we looked at suggests that the way hospitals record and label patient care - a process now often guided by AI and new technology - is a material driver of these rising costs," said study co-author Michael Guerriere, senior vice president and chief actuary at BCBSMA. "We want to keep sharing our data and findings with our healthcare partners so we can work together to get the right solutions in place to bring costs down for our members and the local businesses we serve."

Read the full peer-reviewed study [here](#).
