Title: Theory: MM hedging strategy when writing call options has changed from “buying shares to stay delta neutral” to “push the share price to max pain”
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At least for GME, i think they have learned their lessons from the Jan 2021 gamma squeeze. They can no longer rely on the traditional hedging strategy of staying delta neutral when writing options. Because of all their open short positions, it’s expensive for them to stay delta neutral because of the buying pressure it adds to the share price that directly increases their margin costs for their open short positions (at least for MMs that are in cahoots with short hedgies).

Pushing the price to max pain allows them to keep most of the option premiums and at the moment it looks like it’s profitable for them. Meaning, the cost of pushing the price to max pain (i.e via additional shorting) is less than the premiums that they get from options traders. Specially during times when IV is high which means premiums are also higher. Or at the very least, this strategy is making them bleed less money to delay MOASS as long as they can.