



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
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SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

JANET T. MILLS
GOVERNOR

KIRSTEN LC FIGUEROA
COMMISSIONER

Good morning Senator Sanborn, Representative Tepler, and members of the Joint Standing Committee on Health Care, Insurance, and Financial Services;

I am Anya Trundy, Chief of Legislative Affairs and Strategic Operations for the Department of Administrative and Financial Services, or DAFS, and I am before you today on behalf of the State Employee Health Plan and the Office of Employee Health and Wellness.

Although HCIFS is the Committee of Jurisdiction for the State Employee Health Plan and Office of Employee Health and Wellness, we didn't have much occasion to come before you during the 130th so I want to quickly ensure that everyone has the same baseline understanding of the State Employee Health Plan and the State's relationship with Anthem.

The State Employee Health Plan, colloquially "the plan", is a self-insured plan as you may know. In layman's terms, this means that the State does not pay insurance premiums to an actual insurer, such as Anthem, but, instead, sets aside its own pool of money and pays its own claims. This is possible because we have a large pool of members across which to spread risk, in the same way that an insurance company does. Benefits and overall design of the plan are set by the State Employee Health Commission (SEHC) and the Office of Employee Health and Wellness currently contracts with Anthem as the plan's third-party administrator or TPA. Among other things, this means that we've contracted for Anthem to process claims on behalf of the plan and to use Anthem's provider network, billing codes, and other infrastructure for the employee- and medical-facing portions of our work.

As you may be aware, state government is the 2nd largest employer in Maine and like every other employer—whether they are a large, self-insured employer like us working with Anthem to administer their plan or a small employer that has purchased one of Anthem's off-the-shelf plans—MaineHealth's April 6 announcement that they were serving notice to Anthem and intend to remove Maine Medical Center from Anthem's network beginning January 1, 2023 is deeply concerning. This action would mean that Maine Medical Center was no longer considered "in

network”. For many State employees Maine Medical Center may not be their local hospital, but Maine Medical Center is the largest tertiary care hospital in Maine. As such, it very well may be the hospital they and their loved ones turn to when going through their most serious health struggles, when they require highly specialized medical care and access to the most advanced treatments and state-of-the-art facilities. Just as Governor Mills said in her April 6 statement: this termination should be avoided at all cost. Both parties should put the interests of Maine people first and resolve this dispute in a timely way to avert such a drastic, damaging move.

From just a cursory assessment of the potential impact on the 25,524 members of the State Employee Health Plan, should MaineHealth follow through, we know based upon easy to obtain, regularly reported, top-line metrics that Maine Medical Center is our largest provider of in-patient services. Over the last rolling 12-month period (3/1/21 – 2/28/22) plan medical claims paid to all providers totaled over \$175.5 million. In-patient claims for facilities that it is our understanding would come under MaineHealth’s announcement totaled \$9 million and out-patient claims totaled an additional \$11.4 million. This is a combined total of \$20.4 million, or 11.6% of the plan’s spend on medical claims. We would note here that the *actual* impact will not be this broad, as these figures include services and providers that State laws and regulations would require MaineHealth to accept in-network rates for. For example, we know if MaineHealth were to take this step, that it would not apply to emergency services and that continuity of care and network adequacy provisions would apply under certain circumstances. However, when you consider that 99% of all plan claims are in-network, such an action certainly would introduce a completely avoidable degree of complexity into members accessing the health care they need.

Employee Health and Wellness continues to evaluate plan claims data to develop a more refined sense of the anticipated impact on plan members should MaineHealth and Anthem not resolve their differences.

Based on what we know right now, if a network removal comes to pass in 2023, Employee Health and Wellness is prepared to mount a communications campaign to ensure that the 25,524 plan members are well informed what the change would mean for them; including more clarity on which services will and won’t be impacted, whether they’ve previously received services that may not be available in the same place or covered in the same amount, and where in-network alternatives can be accessed, especially for those plan members in southern Maine, the area of the state that has the highest concentration of available providers and facilities.

Employee Health and Wellness routinely communicates around benefit changes resulting from annual plan redesign, the passage of new laws, etc. Although the office does its best using

various means of communication and reinforced messaging, health care can be confusing to folks and people may not carefully examine their plan documents or read the myriad mailer and email updates and reminders. Ironically enough, it's quite possible that, due to the high-profile nature of this dispute, should it not be resolved, its stature might make the communications process easier rather than harder.

Employee Health and Wellness is prepared to provide increased assistance to ensure that plan members continue to access the health care they need with the least amount of personal disruption and out of pocket expense. As an example of an available alternative, the State Employee Health Commission recently approved a pilot benefit, made possible by the self-insured nature of our plan, that through Carrum Centers of Excellence will cover 100% of the cost of certain knee and hip surgeries—no out-of-pocket cost incurred by the member.

As I mentioned at the beginning of my remarks, the State contracts with a third-party administrator, which has been Anthem since July 1, 2017. This contract is awarded through a competitive bid process – and Anthem has not always had this contract. Aetna was the most recent contracted TPA prior to 2017. Employee Health and Wellness is currently drafting the RFP with intention of going out to bid this fall. Using our historic timeline for this process, we anticipate making an award in late 2022, executing the new TPA contract during spring 2023, ensuring the vendor being in place for the 2023-24 plan year effective next July. The work and timeline of a major procurement such as this cannot be condensed; it provides adequate time at each stage of the process for careful due-diligence and thoughtful consideration. Most importantly, should the procurement process result in a change in vendor, this timeline provides sufficient time to execute a smooth transition between TPAs to prevent plan members from experiencing any interruption to the care they need.

Given the alignment between the timeline communicated by MaineHealth and the State going out to bid, it provides an opportunity for us to weigh the concerns that have led MaineHealth to serve notice to Anthem. Employee Health and Wellness meets weekly with Anthem to address issues as they arise, and the contract includes performance guarantees that Employee Health and Wellness holds Anthem to. One performance guarantee of particular relevance to why we are here today, requires Anthem to process 90% of claims within 14 days of receipt.

There are figures available on actual performance relative to the performance guarantee. Based upon information provided to Employee, Health and Wellness at those weekly meeting, 98.19% of claims were processed within 14 days in 2019-2020, 93.53% in 2020-2021, and through Q3 of 2021-2022 we are currently seeing 95.85% of claims being processed within 14

days of receipt. Further review of the aging reports shows that there are currently 120 outstanding claims to MaineHealth that are older than 14 days, totaling approximately \$485,000 (which is a \$4,000 per claim average). Of these, 58 claims (representing \$370,000) are less than 30 days old. Specific to Maine Medical Center rather than MaineHealth globally, there are 7 pending claims, representing approximately \$250,000, that are older than 14 days. Of these, 6 claims (representing \$172,000) are less than 30 days old.

The RFP process can take into consideration both positive and negative contract performance—not just specific to our current contract with Anthem, but also any publicly available information, including findings from the market conduct exam currently being conducted by Bureau of Insurance if they are available.

In closing, we believe that State employees and their families deserve high-quality, affordable health care, and it is the Administration's plan to continue delivering it. It is our hope that these two private parties – Anthem and MaineHealth – will reach a resolution. We will continue to closely monitor the situation and keep employees informed of any potential impacts to the State Employee Health Plan—we are mindful of the anxiety this dispute is unnecessarily causing members.

Thank you for inviting DAFS today to speak on this matter's potential considerable impact on the State Employee Health Plan, we hope that we've been a voice on behalf of all employers closely monitoring this situation. I would now be happy to respond to any questions from the Committee.