

April 24, 2023

Senator Donna Bailey
Representative Anne Perry
Members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services
Cross Building, Room 220
100 State House Station
Augusta, ME 04333

Dear Senator Bailey, Representative Perry, and Honorable Members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services;

Thank you for the opportunity to share thoughts on LDs 1407 and 1244. I appreciate the sponsors' efforts on these bills, and interest in ensuring fair treatment of health care providers in their contracts with health insurance companies. I would urge the committee, however, to be cautious in imposing restrictions on health carriers which may indirectly increase costs for consumers in the form of higher premiums.

Recent events in Maine have surfaced challenging dynamics in provider-carrier negotiations and contracting. I agree with the sponsors and co-sponsors of these bills that those dynamics are worthy of examination and potential intervention by the legislature. I also believe it's likely, however, that there are problematic practices in use by both parties involved. In addressing these challenges, and considering how contracting and payment processes can be improved, I would encourage the committee to consider crafting a comprehensive piece of legislation which addresses both providers and carriers.

In the commercial market, health insurance carriers bear significant responsibility for managing increasing costs of health services, and providing consumers with some protection from those costs. To be effective in that role, it is important that carriers be able to utilize tools available to them in the contract management process to adjust policies to changing information, and to exercise some resistance in cases of disagreement about claims. While some insurance payment practices may be problematic, especially for small independent providers, there may also be unintended consequences from moving forward with broad prohibitions on existing practices. I also note that the application of these requirements to self-insured plans may be pre-empted by federal law. That preemption could place the onus for compliance with these requirements only on fully-insured and state regulated plans, which represent a minority of the commercially-insured lives in Maine, and are often a more volatile and challenging markets for carriers to operate in.

Moving forward with restrictions focused only on carriers, particularly provisions to increase interest on unpaid claims or significantly extend the timeline for effective date of contract amendments, could result in higher premiums for consumers. I encourage the committee to carefully study the potential impact of proposed changes and consider an approach which balances simplicity and predictability for providers with efforts to control costs. I would be happy to assist the committee with assessing the underlying challenges and assessing impacts of various proposals.

Sincerely,



Meg Garratt-Reed
Executive Director, Office of Affordable Health Care