



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

February 27th, 2025

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

Senator Bailey, Representative Mathieson, and members of the Joint Standing Committee on
Health Coverage, Insurance, and Financial Services;

Thank you for the opportunity to testify today. While I appreciate the sponsors' interest in
improving the affordability of health insurance, I am here to testify in opposition to LD 519
because it would result in a net decrease in the affordability of health insurance for Maine
people.

Given time constraints I won't provide a history of MGARA and the reinsurance program, but
will briefly note that the proposal to merge the markets and extend reinsurance to small group
plans was advanced based on deeply concerning trends of decreasing enrollment in the small
group market and unsustainable premium increases for businesses. The program has succeeded
in bending the curve on that premium growth, with average rates in the small group market
experiencing a small decrease in the first year of implementation in 2023.¹ The program has also
continued to lower premiums in subsequent years, with average rates 7% lower in 2024 than they
would have been without the merger and reinsurance program.²

Proponents have cited slightly higher premiums in the individual market as a rationale for
reversing this policy. It is critical to note, however, that roughly 80% of the total individual
market enrollees receive premium tax credits to lower the cost of their premiums through the

¹ Maine Bureau of Insurance, 2023 Market Snapshot – Small Group, May 11, 2023.

<https://www.maine.gov/pfr/insurance/sites/maine.gov.pfr.insurance/files/inline-files/2023-market-snapshot-small-group.pdf>

² Maine Bureau of Insurance, Section 1332 Waiver Annual Public Forum, June 28th, 2024.

<https://www.maine.gov/pfr/insurance/sites/maine.gov.pfr.insurance/files/inline-files/Section%201332%20Waiver%20-%20Public%20Forum%20June%2028%2C%202024.pdf>

Marketplace.³ Those tax credits are based on the actual cost of the benchmark plan available to them, so when premiums in the individual market increase, subsidies increase as well. The small businesses providing coverage for more than 51,000 employees have no such assistance – they bear the full brunt of premium increases.

If this bill passes and the merger of the markets and reinsurance for small group plans is repealed, small businesses can expect an additional and significant increase in their premiums, on top of expected annual increases resulting from changes in medical trend and other factors.

There are challenges ahead in the long-term future of the reinsurance program, including the structure of the assessment to fund the state share of the program, which is set at a flat fee which has not kept pace with rapidly growing health care costs. The Office of Affordable Health Care is open to collaborating with the Bureau of Insurance and other stakeholders to assess alternative models to stabilize the small group market and provide rate relief to employers. Without an alternative in place, however, we urge the committee to oppose this bill to avoid further increasing health insurance premiums for small businesses.

Thank you for your time, and I welcome any questions.

Sincerely,

A handwritten signature in black ink, reading "Meg Garratt-Reed". The signature is fluid and cursive, with the first name "Meg" and last name "Garratt-Reed" clearly legible.

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

³ Maine Bureau of Insurance, Presentation to the HCIFS Committee, January 2025.
<https://www.maine.gov/pfr/insurance/sites/maine.gov/pfr.insurance/files/inline-files/CHCD%20Slides%20for%20HCIFS%202025.pdf>
and Maine Office of the Health Insurance Marketplace, 2023 Marketplace Open Enrollment Report, January 2023.
<https://www.coverme.gov/sites/default/files/inline-files/2023%20Open%20Enrollment%20Report.pdf>