Consumers for Affordable Health Care

Advocating the right to quality, affordable health care for all Mainers.

P.O. Box 2490
Augusta, ME 04338
Telephone: 1-800-965-7476
Fax: 1-888-214-5233
www.mainecahc.org
consumerhealth@mainecahc.org

Testimony in Opposition to:

LD 519, An Act to Remove the Requirement That Individual and Small Group Health Plans Be Offered Through a Pooled Market and to Eliminate the Provision of Law Establishing a Pooled Market for Those Plans

Senator Bailey, Representative Mathieson, and Members of the Joint Standing Committee On Health Coverage, Insurance and Financial Services, thank you for the opportunity to submit these comments in opposition to LD 519, An Act to Remove the Requirement That Individual and Small Group Health Plans Be Offered Through a Pooled Market and to Eliminate the Provision of Law Establishing a Pooled Market for Those Plans.

My name is Kate Ende and I am the Policy Director at Consumers for Affordable Health Care (CAHC), a nonpartisan, nonprofit organization that advocates the right to quality, affordable health care for every person in Maine. As designated by Maine's Attorney General, CAHC serves as Maine's Health Insurance Consumer Assistance Program (CAP), which operates a toll-free HelpLine. Our HelpLine, fields over 7,000 calls and emails every year from people across Maine who need help obtaining, keeping, using, or fixing problems with private health insurance or with accessing or affording health care services. CAHC also serves as the Ombudsman program for Maine's Medicaid program, MaineCare, and helps people apply for and navigate the enrollment process for MaineCare. It is with that background that we provide these comments.

We are concerned this bill would undo the progress Maine has made in increasing market stability for health plans in Maine. Insurance functions as a means of spreading risk and costs across a pool of individuals, to minimize the risk and costs assumed by any one person. This makes it more affordable for someone to access health care, if and when they need to. Markets are most stable, and insurance is most successful in ensuring access to affordable coverage, when risk pools are as large and inclusive as possible.

Gorman Actuarial, Inc conducted an analysis for the Maine Bureau of Insurance on the impact of pooling individual and small group markets with a retrospective reinsurance program. In a report summarizing their findings, Gorman Actuarial states, "Generally, as markets get smaller, the enrollees who remain in the market are less healthy and require more health care resources, which drives up premiums."[1] Smaller markets are also more susceptible to experiencing volatility from disruptions or changes to market conditions, compared to larger markets that can more easily balance fluctuations and absorb impacts from unexpected changes. Given how small Maine's individual and small group markets

[1] Policy Option for Maine Individual and Small Group Markets, Gorman Actuarial, Inc. (2020). Available at: https://www1.maine.gov/pfr/insurance/legal/ga_indiv_and_sm_grp_policy_option_report.pdf.

were, a single pool that combines individual and small group into one market, provides greater market stability than two smaller separate markets.

Regarding the concerns raised around the impact of MAGRA and spreading those benefits across both individual and small group plans, there are other actions that can be taken to maximize the amount of resources available for reinsurance, According to estimates from the Kaiser Family Foundation, only 63% of people in Maine who were eligible for subsidies through the Marketplace were enrolled in a subsidized Marketplace plan in 2020.[2] Maine should consider policies aimed at enrolling the remaining 37% of Maine's potentially subsidy eligible individuals in Marketplace coverage, by addressing enrollment and financial barriers to obtaining coverage. Efforts to enroll uninsured APTC-subsidy populations, particularly low-income individuals, will directly expand access to coverage to targeted populations, including members of marginalized and vulnerable communities, and could increase the amount of federal pass-through funding that is available under a 1332 waiver. Increasing participation in coverage among APTC-eligible populations will further expand the risk pool and, by increasing funding available for reinsurance under a 1332 waiver, it would help lower premiums for small businesses and individuals who don't qualify for ATPCs.

Investments in marketing and outreach activities and in direct enrollment support, such as through certified health insurance enrollment assisters, have been demonstrated to be effective strategies for increasing enrollment in health coverage programs.[3] In addition to reducing barriers to applying for coverage, affordability barriers to enrolling in and maintaining coverage must also be addressed. Other states have also succeeded in both increasing enrollment and improving their risk pools through providing state financial assistance in addition to the federal APTCs, to further lower coverage costs for populations likely to face financial barriers to enrolling in coverage.[4] Massachusetts, for example, which had the highest state rate of enrollment among potentially eligible populations in 2019, provides financial assistance to lower the costs of coverage for people with incomes up to 300% FPL. A Families USA report estimates that if Maine were able to achieve Massachusetts' level of Marketplace enrollment among its potential APTC-eligible

---

[2] Marketplace Enrollees Receiving Financial Assistance as a Share of the Subsidy-Eligible Population, Kaiser Family Foundation (2020). Available at: https://www.kff.org/health-reform/state-indicator/marketplace-enrollees-eligible-for-financial-assistance-as-a-share-of-subsidy-eligible-population/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

[3] Sommers, B. D., Maylone, B., Nguyen, K. H., Blendon, R. J., & Epstein, A. M. (2015). The impact of state policies on ACA applications and enrollment among low-income adults In Arkansas, Kentucky, and Texas. Health Affairs, 34(6), 1010–1018. doi:10.1377/hlthaff.2015.0215. Available at: https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2015.0215.

[4] Stan Dorn, Innovative Options to Cut Health Insurance Costs by Expanding the Circle of Coverage, National Center for Coverage Innovation at Families USA. Available at: https://familiesusa.org/wpcontent/uploads/2019/09/NCCI_State-Coverage-Policy-Options-Report_Report.pdf.

populations with income below 300% FPL, enrollment would increase by 21,000 people, who would collectively bring in an additional $152 million in APTC subsidies to Maine.[5] Furthermore, we are opposed to the proposed changes to 24-A MRSA §2793(1), which repeals the requirement that individual and small group health plans comply with clear choice designs. Standardized benefit designs simplify the consumer shopping experience by helping people make apple-to-apple comparisons between health plan options. Too many plan options can contribute to consumer confusion and decision fatigue. According to an issue brief published by the U.S. Department of Health and Human Services, older adults, women, individuals with low-income, and individuals with chronic conditions are more likely to enroll in plans that result in higher costs when presented with larger choice sets. Among uninsured individuals, nine plan options compared to three resulted in lower insurance comprehension, which was associated with at least $500 in increased expected annual costs. As stated by HHS, "choice overload raises significant concerns in terms of health equity."[6]

Thank you for your consideration.

[5] Stan Dorn, How States Can Use New Revenue to Lower Consumer Costs for Individual Health Insurance, National Center for Coverage Innovation at Families USA. Available at: https://familiesusa.org/wpcontent/uploads/2020/03/COV_How-States-Individual-Market_Report_03-13-20a.pdf.

[6] Chu,R.C., Rudich,J., Lee,A., Peters, C., De Lew,N., and Sommers, B.D. Facilitating Consumer Choice: Standardized Plans in Health Insurance Marketplaces (Issue Brief No. HP-2021-29). Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. December 2021.