



**Consumers for
Affordable
Health Care**

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

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Testimony In Opposition To:

LD 893, An Act to Exempt Nonprofit Agricultural Membership Organizations from Insurance Requirements

March 27, 2025

Senator Bailey, Assistant Majority Leader Gramlich, and esteemed members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services. Thank you for the opportunity to provide this testimony.

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.

While we oppose this bill, we appreciate and support the overall intention to expand access to affordable coverage for those who are falling through the cracks of our current healthcare system. However, we do not believe this bill will achieve this goal, and would likely have the opposite of its intended impact, by causing premiums to increase and become less affordable to individuals and small businesses in Maine.

This bill proposes to exempt health care benefits provided by a nonprofit agricultural membership organization from the definition of "health insurance." These plans would not have to cover essential health benefits, comply with consumer protections, including protections against surprise medical bills and protections for people with pre-existing conditions. Plans would not be regulated by the Bureau of Insurance and if someone was denied coverage for health care services, they would not be able to turn to the Bureau for assistance and would not be entitled to the complaint and appeal rights that are ensured to members of qualified health plans.

Since these plans would not have to follow federal or state consumer protections, they would be allowed to discriminate against people with pre-existing conditions. Farm Bureau plans in other states have employed exclusions or limitations on coverage for pre-existing conditions and reject applicants from purchasing plans based on their pre-existing conditions or medical

history. A 2019 Kaiser Family Foundation report estimates that nearly 1 in 3 non-elderly adults in Maine have a deniable pre-existing condition under pre-ACA practices.¹ All other individual and small group plans must comply with guaranteed issue requirements and are prohibited from discriminating based on health conditions or medical history. Introducing plans that are exempt from these rules would create a parallel market of unregulated Farm Bureau plans with stripped down benefits that could cherry pick its enrollees, pulling younger and healthier individuals out of Maine's individual and small group market. This worsens the individual and small group market risk pool, leading to higher premiums for people and small businesses purchasing comprehensive, ACA-compliant health insurance in Maine.

In fact, a few years ago, there was an expansion in the availability of another type of non-ACA compliant plan, short-term, limited duration (STLD) health plans. Maine's Legislature has since taken action to limit the availability of these plans. However, at the time, carrier rate filing documents cited the expansion of STLD plans as one of the factors contributing to rate increases for health plans in 2019.

People with health conditions need comprehensive coverage and need that coverage to be affordable. If healthy people buy into Farm Bureau plans, it will create an increasingly segmented market. Older people and individuals with health conditions will make up more of the market for more comprehensive, ACA-compliant health coverage, and these individuals and small business in Maine will see the cost of their coverage rise, possibly to a level where they cannot afford and are left without coverage.

Tennessee has allowed unregulated Farm Bureau plans since the early 1990's. Tennessee also a risk pool that is sicker than most other states, and has previously struggled to ensure the availability of Marketplace qualified health plans in all areas of the state, likely in part due to enrollment in Farm Bureau plans.²

In addition to making health insurance premiums more expensive, unregulated plans can also leave consumers on the hook for thousands of dollars in unexpected medical costs. Through our HelpLine, we have heard from many people over the years who thought they had purchased a comprehensive, qualified health plan, when in fact they had purchased a type of unregulated, non-ACA compliant health coverage. We have also heard from individuals who knowingly enrolled in non-ACA compliant plans who were unaware at the time of enrollment that they had a pre-existing condition or who later became pregnant. Unfortunately, many of these people, who either knowingly or unknowingly enrolled in these plans, ended up in medical debt due to thousands, or sometimes tens of thousands of dollars of uncovered medical bills. Some services were uncovered due to a pre-existing condition, while others were for an excluded category of service, such as plans that excluded maternity and newborn care. In

¹ <https://www.kff.org/affordable-care-act/issue-brief/pre-existing-condition-prevalence-for-individuals-and-families/>

² <http://chirblog.org/whats-going-tennessee-one-possible-reason-affordable-care-act-challenges/>

other cases, people had simply hit an annual or lifetime cap on benefits under the plan or for a specific service.

While we agree many Mainers face affordability issues with health care coverage, the solution is not to introduce unregulated, stripped-down plans. Consumers need and want comprehensive coverage at affordable rates. Allowing the sale of Farm Bureau plans in Maine will have the opposite effect and make comprehensive coverage even more expensive. There are other policies for Maine to explore related to affordability and availability of coverage and that is where our focus should be.

Thank you for your consideration.