

Testimony in Opposition to LD 893, “An Act to Exempt Nonprofit Agricultural Membership Organizations from Insurance Requirements.”

James Myall

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Dear Senator Bailey, Representative Gramlich, and Members of the Joint Standing Committee on Health Care, Insurance, and Financial Services, my name is James Myall and I am a policy analyst at the Maine Center for Economic Policy. I’m writing to offer testimony in opposition to LD 893, “An Act to Exempt Nonprofit Agricultural Membership Organizations from Insurance Requirements.” MECEP opposes LD 893 because it would allow a small group of “insurance” providers to make an end-run around the consumer protections in state law and the Affordable Care Act.

LD 893 would appear to apply to a single organization, the Maine Farm Bureau, and allow it to offer a health insurance product without adhering to state health insurance rules. This means that it would not need to offer coverage for pre-existing conditions, for fundamental primary and preventative care, nor would such a plan be bound by anti-discrimination provisions of the Maine insurance code.

Allowing the Maine Farm Bureau to offer such plans offers clear risks to consumers. Despite the notice requirements in LD 893, it is still likely that individuals could purchase this insurance without a full understanding of how limited the coverage might be, and find themselves facing unexpected expenses in the future. The provisions of Maine’s insurance code which require baseline levels of benefits and prohibit certain kinds of discrimination are designed to give Mainers the confidence that a purchased plan will at least cover their basic health care needs. LD 893 would undermine that confidence.

There is no doubt that the kind of unregulated plan authorized by LD 893 would be appealing for some Mainers. Those who are relatively healthy and young might find it advantageous to purchase a cheaper plan without basic protections, on the assumption that they won’t need to use it much. This is of course a dangerous assumption for those individuals, as none of us can completely control if and when we fall ill. What’s more, if those healthier individuals do opt for a high-risk, low-cost plan like this, it will undermine the stability of Maine’s remaining insurance market, which will, on average, have a sicker insured population and will need to raise premium levels to compensate. In other words, it will cost those who do not use the new Farm Bureau Plan more in monthly premiums and copays.



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This Committee has historically resisted efforts to fragment and undermine Maine's health insurance market by allowing the introduction of unregulated plans. I would urge you to continue to do so, and reject LD 893.

Thank you for your attention. I'm happy to answer any questions at jmyall@mecep.org