

**Testimony in Support of LD 1070 “Resolve, to Study a Medicaid Forward Plan for Maine”****James Myall, Policy Analyst****April 9, 2025**

Good Afternoon Senator Ingwerson, Representative Meyer and members of the Joint Standing Committee on Health and Human Services. My name is James Myall, and I am a Policy Analyst at the Maine Center for Economic Policy. I am here before you to testify in support of LD 1070, “Resolve, to Study a Medicaid Forward Plan for Maine” MECEP supports LD 1070 as a way to affordably and efficiently offer a public health care option for all Mainers.

LD 1070 would build on an idea that is already being explored in New Mexico, to expand the state’s Medicaid program to potentially cover all residents under the age of 65. Leveraging the existing and successful state-federal partnership in the MaineCare program provides a feasible route to universal health care coverage for Mainers under 65.

The biggest advantage of the “Medicaid Forward” approach is the ability to draw down federal matching dollars. Though the matching rate varies each year, Maine typically pays around 33% of the costs of the Medicaid program, and the federal government covers the rest.

The state could also defray some of its costs through copays or premiums for higher-income families. Medicaid rules limit how much these can be, but does allow, for example, premiums of up to 5% of household income for families with incomes above 150% of the Federal Poverty Level.

As a rough estimate, MECEP calculates that federal matching dollars and copays for higher-income Mainers would cover 85% of the cost of expanding the program.<sup>i</sup>

I also want to note that MaineCare is a well-established, popular, and effective program. It provides affordable coverage for members because it provides comprehensive care which is free at the point of service. Nationally, Medicaid is very popular. 77% of Americans have a favorable view of the program.<sup>ii</sup> A recent poll of Mainers found that 78% of Mainers support the idea of a public option where people could buy into a public plan – which is how Medicaid Forward would work if premiums were assessed.<sup>iii</sup>

Medicaid helps control health care costs by setting prices for services. The state has the ability to balance prices so that they cover necessary costs while remaining affordable for state budgets. MaineCare also has very low overhead costs. In 2023, Maine's Medicaid program spent \$186 million on administration to provide \$4.1 billion in benefits.<sup>iv</sup> That's a 4.5% overhead rate. For comparison, the ACA allows private insurers to maintain administrative costs of up to 20%.

You may hear from providers that providing care to hundreds of thousands more Mainers at Medicaid rates would be unsustainable for them. It is indeed true that MaineCare reimburses providers at much lower rates than private insurance. That's why LD 1070 instructs the Office of Affordable Health Care to determine the correct reimbursement rates to ensure adequate access to care. In New Mexico, for example, they propose increasing current reimbursement rates by 17%.

I urge you to vote "ought to pass" on LD 1070 to gather more information on this promising path to universal health care coverage and move Maine closer to a guarantee of universal health care. Thank you. I'll be happy to take any questions.

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<sup>i</sup> MECEP calculation based on 2023 enrollment and cost data from Maine Department of Health and Human Services and family income and insurance coverage data from the US Census Bureau, Current Population Survey, Annual Social and Economic Supplement data for 2023.

<sup>ii</sup> "7 Charts About Public Opinion on Medicaid" KFF March 7, 2025. <https://www.kff.org/medicaid/poll-finding/7-charts-about-public-opinion-on-medicaid/>

<sup>iii</sup> "Examining Voters' Views Towards Health care in Maine." Digital Research Inc poll of 500 registered voters in Maine, March 2025. <https://drive.google.com/file/d/1of-aZWztHbCJDGZODeqoWEVvYcokHw41/view>

<sup>iv</sup> Medicaid and CHIP Payments Access Commission data for 2023. <https://www.macpac.gov/publication/total-medicaid-administrative-spending-by-state-and-category/> and <https://www.macpac.gov/wp-content/uploads/2024/12/EXHIBIT-17.-Total-Medicaid-Benefit-Spending-by-State-and-Category-FY-2023.pdf>