



## **Testimony in Support of LD 1906**

### **Submitted to the Joint Standing Committee on Health Coverage, Insurance and Financial Services**

#### **Submitted by Jen Hughes, Director of People & Culture, Systems Engineering**

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

Thank you for the opportunity to submit testimony in support of LD 1906, An Act to Improve Accountability and Understanding of Data in Insurance Transactions, also known as the AUDIT Act.

As the Director of People & Culture for a 37-year-old Maine-based employee-owned company with 185 employee-owners, I am writing to express strong support for this legislation. Systems Engineering provides comprehensive & competitive health benefits to our team—an investment we take seriously, both from a cost perspective and as part of our commitment to the well-being of our workforce and their families.

Like many employers in Maine, we rely on third-party administrators (TPAs) and pharmacy benefit managers (PBMs) to manage our healthcare plans. However, our ability to ensure these partners are accurately processing claims and meeting their contractual obligations is hindered by significant audit restrictions. These constraints, such as limits on the number of claims we can review, lack of access to complete data, and the inability to extrapolate findings, make it nearly impossible for us to perform the level of due diligence that our fiduciary responsibilities require.

No responsible business would approve payment on a vendor invoice without reviewing the details, yet that's exactly what employers are forced to do when it comes to healthcare claims. Benefits are our second largest line item after compensation, yet we're expected to spend those dollars on behalf of our employees without full visibility into what's being billed, whether it's accurate, or if our contractual terms are being upheld. This lack of transparency not only drives up costs due to undetected billing errors, but it also exposes us to fiduciary risk. As plan sponsors, we have a duty to act in the best interest of our employee-owners and their healthcare dollars, and meaningful audit rights are essential to fulfilling that responsibility. It is unacceptable to be asked to blindly trust a system where the data tells us errors are the norm, not the exception.

Our employee-owners look to us as stewards of plan assets, therefore, we need full access to meaningful audit rights and data transparency to protect both our employees and our business. The AUDIT Act will bring much-needed accountability to this process by ensuring that employers can evaluate claim accuracy, recoup overpayments, and confirm that our partners are meeting the terms of their agreements. It will level the playing field for Maine employers who currently lack the bargaining power to negotiate these rights on their own.

On behalf of our employee-owners, I urge you to support this legislation. It is a common-sense measure that reinforces the principles of transparency, accountability, and sound business management, values that are part of our organization.

Respectfully,

Jen Hughes  
Director of People & Culture  
Systems Engineering