



Testimony of Amy P. Tardiff

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

In Support of

LD 1713, An Act to Prohibit Certain Provisions in Health Care Provider Contracts with Insurance Carriers

May 13, 2025

Good afternoon Senator Bailey, Representative Perry, and Members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services.

My name is Amy Tardiff and I am the Vice President and General Counsel at J.S. McCarthy Packaging + Print, a 105-person, employee-owned manufacturing company located in Augusta for over 75 years.

Thank you for the opportunity to provide testimony in support of LD 1713. We pride ourselves on placing high emphasis on our employees' benefit offerings, doing our best to control costs for them and for our business so that we can offer high quality coverage that they can afford to access.

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While audit rights are technically included in our contracts with our third-party administrators (TPAs) or carriers, they are so narrowly defined and heavily restricted that they're essentially unusable by small employers like us.

Here are some examples of restrictions in our current TPA contract that are effectively barriers to a group our size conducting audits:

- **Only On-Site Audits Allowed:** The contract allows only on-site audits. There is no allowance for remote audits, even though remote review is common, secure, and more cost-effective today. Our TPA is located in Chicago, adding additional cost.
- **Limited Scope Must Be "Mutually Determined":** The scope of the audit must be "mutually determined" by both the employer and the claims processor. This gives the processor the ability to limit what we can review.
- **We Can't Choose Our Own Auditor:** We must get the claims processor's consent for our choice of auditor, giving them control over who is allowed to examine their own work. While they must not



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"unreasonably" withhold consent, that's a vague standard and leaves us with little recourse if they do.

- **No Contingency Fee Audits:** Audits performed on a contingency fee basis — where the auditor only gets paid based on what they recover — are outright banned. For small businesses, this is often the only financially feasible option.
- **All Costs Paid by Employer, Including TPA's Time:** Not only do we have to pay the auditor and their expenses, we're also required to pay additional fees to the claims processor for their time and any "costs associated with the audit" — with the amount of that fee to be negotiated after we request the audit. This is unpredictable and discouraging.

This bill provides common-sense guardrails that restore basic fairness to the audit process. It offers protection to small businesses in Maine who do not have the leverage it would take to negotiate changes to these audit clauses that are often "take it or leave it." It ensures we can conduct meaningful audits with independent auditors, that audits can be conducted remotely when appropriate, and that TPAs can't impose excessive or vague pass-through fees just to block oversight. The language was carefully developed to ensure it strikes a fair balance.

As small employers, we are not looking to be adversarial. We are simply asking for reasonable tools to verify how our health plan dollars are being spent — especially when we're the ones funding those dollars.

Please support this legislation and help bring real accountability and transparency to Maine's health plans.

Thank you for your time and consideration.

Respectfully,

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