

Testimony in Support of LD 2208, “An Act to Offset Federal Cuts to Health Insurance for Certain Maine Families and Seniors”

February 26, 2026

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Good morning, Senator Bailey, Representative Mathieson and members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services. My name is James Myall and I’m a policy analyst at the Maine Center for Economic Policy. I’m here to testify in support of LD 2208, “An Act to Offset Federal Cuts to Health Insurance for Certain Maine Families and Seniors.”

MECEP supports the aims of this legislation, and we appreciate the Speaker introducing this bill to illustrate just how large the impacts of the recent federal legislation will be on Maine’s health care system and on Mainer’s access to care. Tens of thousands of Mainers will lose their health insurance coverage or face higher premiums. Hospitals and clinics across the state will face budget pressures and some will be forced to lay off staff or close entirely. These impacts will be felt hardest in the most rural parts of Maine where more people rely on Medicaid, where consistent work is harder to find, and where private insurance premiums are the most expensive. LD 2208 recognizes the scale of the problem and what it would take for the state to step in.

One reason that hundreds of millions of dollars each year will be taken from our health care system each year is because Congress wanted to offset the cost of tax cuts for corporations and wealthy Americans. It would be appropriate, therefore, for this legislature to take the opposite approach, and protect health care by taxing the same large businesses and rich people who will get outsized benefits from the federal tax cuts.

Nonetheless, the committee may be looking for ways to amend the bill to reduce the cost and target the Mainer’s most at risk, so I have included some of those in my testimony.

Section 1

The creation of a rural health care fund will provide important stability to providers who are facing a surge in uninsured patients seeking free or reduced-price care because the federal government is making them ineligible for MaineCare. It’s important to note that while the state has been awarded \$190 million under HR1’s “Rural Health Transformation

Program,” most of that money cannot be used to backfill funding holes. In fact, it is largely earmarked for new projects and initiatives. The fund in LD 2208 is much more flexible and will meet the needs of providers hurt by the federal legislation. I would note, however, that keeping people insured will avoid the need for direct funding to hospitals.

We would suggest broadening the applicability of the fund to providers who work with underserved populations in general rather than just rural providers. While Maine’s rural providers are generally at high risk due to the share of their patients who are currently enrolled in MaineCare, there are also plenty of providers who work with Mainers with low incomes and other vulnerable populations in Maine’s cities who will need support through this fund.

Section 2

The appropriation of funding in section 2 would help Mainers afford health insurance on the private market by partly replacing the enhanced Affordable Care Act subsidies for Mainers with incomes above 400 percent of the federal poverty level. This would help thousands of Mainers who fall into that category, but it ignores the majority of Mainers enrolled in the CoverME.gov platform with incomes below 400 FPL who have also lost a portion of their federal subsidy and we would ask the committee to consider including them as well, or instead, as several other states have done.

In order to ensure that people who dropped their coverage after the expiration of the federal subsidies, the bill should also include a special enrollment period for people to sign up through coverme.gov. Otherwise, most of those who dropped coverage will be ineligible to reenroll.

Section 3

MECEP would like to see the funding in section 3 used to provide state-funded benefits to Mainers who lose their Medicaid because they don’t meet the work reporting requirement. We believe no one should lose their healthcare because they can’t find a job, let alone because they get tangled up in new red tape. Yet Maine DHHS estimates 31,000 Mainers will be in this position beginning in 2027.¹

Covering Medicaid with state dollars for that entire population would be expensive - approximately \$300 million each year - but a more targeted approach that protected vulnerable groups such as veterans, those experiencing homelessness, and older Mainers could be provided at a significantly lower cost.²

Section 4

The additional funding for the Maine Guaranteed Access Reinsurance Association will reduce premiums in the small group and individual health insurance markets, which have also become increasingly unaffordable for Mainers and Maine businesses. Based on a recent report for the organization, a \$60 million infusion of funds should result in premium reductions of 8-10%.³ However, this would only be a temporary reduction without ongoing, sustainable funding. The committee should also consider a modest reduction in premiums for a larger population against more significant benefits for a smaller group.

Conclusion

Finally, I want to reiterate that MECEP supports the overall goals of LD 2208 and hopes that the committee will work to pass a version of the bill that protects Mainers' access to health care.

Thank you. I'm happy to answer any questions.

Notes

¹ "Federal Budget Reconciliation Law Now in Effect: Impacts on MaineCare, SNAP & CoverME.gov" *Maine Department of Health and Human Services*. Jul 11, 2025.
<https://www.maine.gov/dhhs/blog/federal-budget-reconciliation-law-now-effect-impacts-mainecare-snap-covermegov-2025-07-11>

² James Myall, "Maine lawmakers have tools to stop the harms of the Republican reconciliation bill" *Maine Center for Economic Policy*. Dec 19, 2025.
<https://www.mecep.org/blog/maine-lawmakers-have-tools-to-stop-the-harms-of-the-republican-reconciliation-bill/>

³ Michael Cohen et al., "MGARA Sustainability and Policy Options Analysis." *Wakely Consulting*. Jan 15, 2026.
<https://www.maine.gov/pfr/insurance/sites/maine.gov.pfr.insurance/files/inline-files/FINAL%20-%20Wakely%20MGARA%20Analysis%20Report%20%28012026%29.pdf>