

Janet T. Mills  
Governor

Sara Gagné-Holmes  
Commissioner



Maine Department of Health and Human Services  
Office of MaineCare Services  
11 State House Station  
Augusta, Maine 04333-0011  
Tel: (207) 287-3707; Fax: (207) 287-2675  
TTY: Dial 711 (Maine Relay)

2/26/2026

Senator Bailey, Chair  
Representative Mathieson, Chair  
Members, Joint Standing Committee on Health Coverage, Insurance and Financial Services  
100 State House Station  
Augusta, ME 04333-0100

Re: LD 2208 – *An Act to Offset Federal Cuts to Health Insurance for Certain Maine Families and Seniors*

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

Thank you for the opportunity to submit written testimony neither for nor against LD 2208, *An Act to Offset Federal Cuts to Health Insurance for Certain Maine Families and Seniors*.

The Department appreciates the intent of this bill in seeking to address challenges for rural communities and challenges resulting from federal policy actions. These federal actions represent significant changes, many of which negatively impact Maine people and place further strain and uncertainty on State budget planning processes. This letter provides information to aid in Committee review and articulates specific concerns related to the scope and mechanics proposed.

This bill establishes the Rural Health Stabilization Fund; the Health Care Premium Stabilization Fund; and the MaineCare Federal Response Fund. These one-time stabilization funds are being created with the intent of protecting access to health care and health coverage that may be impacted by federal program and funding decisions. We share the desire to maximize affordable health coverage and services for Maine people, but we have concerns and objections to the specifics of this proposal. The Department is concerned about the strain additional funds meant to support the Rural Health Transformation Program (RHTP) would put on the Department's ability to distribute the funds in a timely manner, risking the loss of funding. The operational changes needed to administer the Health Care Premium Stabilization Fund could take considerable time and resources especially if eligibility for the state program does not align with the eligibility of the Enhanced Premium Tax Credits (EPSTC). Additionally, it is unclear whether the Center for Medicare & Medicaid Services would permit CoverME.gov to allow current enrollees to make plan changes before the next open enrollment. Our concerns are outlined in more detail below.

Section one of the bill creates the Rural Health Stabilization Fund to support the Department's approved initiatives under the Rural Health Transformation Program (RHTP) established in the federal budget reconciliation bill, H.R.1 (Public Law 119-21). LD 2208 provides \$50million to this Fund which will be in addition to the annual federal award, which is projected to be



\$190million in 2026. Amounts are yet to be determined for future years and all RHTP funding is subject to approval by the Centers for Medicare & Medicaid Services. The Department shares these figures to highlight the significant amount of funding that is anticipated for RHTP and the additional scale of these proposed funds. One of the major challenges of the RHTP for states is the ability to get these funds out the door in a timely manner. RHTP funding is time-limited and states are at risk of losing funding due to inability to spend dollars in the time periods determined by the federal government. For this reason, the Department is hesitant to add additional funding and complexity to an already ambitious scope of work.

Additionally, the State completed a thorough stakeholder engagement process to establish Maine's Rural Health Transformation Plan and will be establishing ongoing advisory and engagement groups to inform the work over the next five years of federal funding. The Department encourages the Committee to allow the collaborative and multi-stakeholder RHTP process to guide this work and inform more specific future appropriations asks, as needed.

Section two of the bill creates the Health Care Premium Stabilization Fund to offset the loss of federal Enhanced Premium Tax Credits (EPTC) for those eligible under the original Affordable Care Act. EPTC was established as part of the American Rescue Plan Act of 2021 and extended in the Inflation Reduction Act (IRA). EPTC expanded eligibility for federal tax credits that help lower monthly premiums for health insurance coverage through the federal and state-based health insurance marketplaces and also expanded the amount of tax credits for those who were previously eligible. Part of the expansion included eligibility for consumers with household incomes greater than 400% of the Federal Poverty Level (FPL) so long as their unsubsidized premium exceeded 8.5% of annual household income. When EPTC expired on December 31, 2025, consumers with household incomes above 400% FPL were no longer eligible for premium tax credits, reverting to the original ACA eligibility requirements. As such, during the 2026 Open Enrollment Period (OEP), CoverME.gov's greatest losses in enrollment were seen among those earning over 400% FPL.

As currently written, The Health Care Premium Stabilization Fund established in this bill would be used to increase the amount of assistance available to those previously eligible for subsidies under the Affordable Care Act and to expand assistance for those with incomes at or above 400% Federal Poverty Level (FPL) if the premium cost exceeds 8.5% of household (HH) income, based on the premium of the second lowest cost silver plan (SLCSP) available on the marketplace. The current premium cap is 9.96% of HH income for those earning 300-400% FPL,<sup>1</sup> which based on this drafting, would mean that those with HH income 300-400% FPL could receive lower amounts of assistance than those at or above 400% FPL.

Maine's Office of the Health Insurance Marketplace has not yet calculated the amount of subsidy lost in Maine for households earning at or above 400% FPL. As such, the office cannot yet comment on whether or not the amount appropriated in this bill would be enough to offset the losses.

There is some evidence nationally that state subsidies like those proposed in this bill would offset losses in enrollment due to the expiration of EPTC. During an October 2025 special

---

<sup>1</sup> <https://www.irs.gov/pub/irs-drop/rp-25-25.pdf>

legislative session, New Mexico approved \$17.3 million to a health care affordability fund accessible through New Mexico's health insurance marketplace to offset the impact of the expiration of EPTC. These funds were in addition to \$21.5 million appropriated during the January 2025 legislative session and were intended to fully cover all losses of premium tax credits for marketplace enrollees, including covering those earning over 400% FPL. With this state affordability fund, New Mexico saw a 17% increase in medical coverage enrollment for 2026, unlike most states, like Maine, who saw significant drops in enrollment in 2026 due to issues of affordability following the expiration of EPTC.

Should the Health Care Premium Stabilization Fund be established and funded, the Office of the Health Insurance Marketplace would need to make operational changes to administer new state subsidies. This process would likely take at least one year given other federal changes that need to be implemented this year and would likely cost \$2 to \$3 million to operationalize in the eligibility and enrollment platform. The technology changes would be more difficult if a state subsidy program did not align completely with eligibility for EPTC as the more complex the eligibility, the more complex the technology project and testing needed to implement. In addition, if done outside of the Open Enrollment Period, it is unclear if CMS would allow CoverME.gov to allow current enrollees to make plan changes until the next open enrollment season in November 2026.

Section three establishes the MaineCare Federal Response Fund and provides an additional \$105 million in funding for MaineCare to cover suggested loss of federal contributions. A set aside of \$5 million may be used for technology changes for the Office of MaineCare Services and the Office for Family Independence to comply with new federal regulations and also can be used for program outreach. While the Department appreciates this section of the bill in intent and concept, the Governor's Budget included several specific budget initiatives related to technology and staffing costs to address known forthcoming federal policy changes stemming from HR 1 (Public Law 119-21). The Governor's budget also included a baseline MaineCare budget. The Department will be monitoring the need for additional MaineCare appropriations over time and requesting those as they are identified and approved.

Thank you for taking the time to consider our concerns. Please feel free to contact me if you have any questions during your deliberation of this bill.

Sincerely,



Michelle Probert

Director

Office of MaineCare Services

Maine Department of Health and Human Services