



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
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*Testimony of Anya Trundy, Chief of Legislative and Strategic Operations
Department of Administrative and Financial Services
testifying in opposition to*

LD 121, An Act to Expand Health Insurance Coverage to Certain State Employees

Sponsored by Sen. Hickman
Before the Joint Standing Committee on Health Coverage, Insurance, and Financial Services

Senator Bailey, Representative Perry, and members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services, I am Anya Trundy, Chief of Legislative and Strategic Operations for the Department of Administrative and Financial Services and I am providing testimony today against LD 121.

It is important to note that the State Employee Health Plan is currently offered continuously to seasonal employees. However, during the period they are not actually working for the State, the State does not subsidize their premiums and the employee is responsible for the State's premium portion in addition to their own. This is the same requirement, with the exception of the Voluntary Employee Incentive Program for full time, year-round State employees who are out on extended unpaid leaves of absence.

Across all departments and agencies, the State currently has more than 500 seasonal positions. The fiscal burden of this bill would primarily be borne by departments with high concentrations of seasonal employees—namely the Department of Agriculture, Conservation and Forestry and the Department of Transportation. Furthermore, the State has no guarantee that seasonal employees will return to employment each season, as a result departments could end up paying for benefits while an employee is not in active status only to learn at the start of the next season that the employee does not intend to return to work—of the currently active seasonal employees only 17% are returning employees. This could also interfere with departments' hiring and ability to staff up in a timely manner if there was a personal financial incentive for employees to be dishonest about their intentions to return in order to maintain their substantially subsidized health insurance coverage.

Virtually all seasonal employees currently fall within Premium Tier 2 (see attached) with a base annual salary of between \$30,000-\$80,000. Under this bill the State would contribute 90% toward their health insurance premiums, a biweekly cost of \$472.71 (\$12,290.46 annually) if insuring just the employee, no spouse or dependents. The Governor's biennial budget

proposes adjusting the Premium Tiers—raising the \$30,000 threshold to \$50,000 and the \$80,000 threshold to \$100,000. If this proposal is adopted, the overwhelming majority of seasonal employees would then fall within Premium Tier 1, which under this bill the State would contribute 95%, a biweekly cost of \$497.59 (\$12,937.34 annually). Based on that, if you make a gross assumption that the average seasonal position has a four-month duration, the total additional cost to the State of subsidizing year-round health insurance for just the employee, in each seasonal position currently occupied would exceed \$2.75 million annually. If all available positions were filled the cost could exceed \$4 million annually. If those employees were all covering spouses and children, the costs could range from \$5.5 million to \$8.75 million depending upon the number of positions filled.

From an administrative perspective, the Office of Employee Health and Wellness is not currently equipped with an automated system to directly bill seasonal employees no longer on payroll for their premiums; each insurance premium (dental, medical and vision) is billed separately and manually. This bill would significantly increase the volume of direct billing and require additional administrative support to execute.

Furthermore, in many instances when an employee goes off payroll it has been difficult to obtain the employee portion of premiums and to keep the employee's health insurance in good standing. This bill would put the State Employee Health Plan at greater exposure for not receiving the employee share of the premiums owed when the employee is not in active status and their premiums cannot be automatically deducted from their pay. These uncollectable unpaid premiums are a "loss for bad debt" to the State Employee Health Plan.

Thank you for this opportunity to testify. I am happy to answer any questions.

Premium Rates

Effective July 1, 2022

Full-Time Active State of Maine Employees

Deduction amounts below are biweekly for full-time employees. Part-time employee rates are pro-rated; contact Employee Health & Wellness for part-time premium rates.

(*Retiree Rates are located below the active employee rates. Rates for FY22 are located at the bottom of this page)

Instructions: Locate the table below that contains your base annual salary. Find the level of coverage for you and any covered dependents within that table. Follow that row to the right to see the biweekly amounts for both the employee and the employer with and without the health credit. [Instructions \(MS-Word\) \(https://www.maine.gov/bhr/oeht/sites/maine.gov/bhr/oeht/files/inline-files/HowtoVerifyYourHealthInsurancePremium.docx\)](https://www.maine.gov/bhr/oeht/sites/maine.gov/bhr/oeht/files/inline-files/HowtoVerifyYourHealthInsurancePremium.docx)

Level 1: Base Annual Salary is Equal to or Less Than \$30,000				
Level of Coverage	With the Health Credit		Without the Health Credit	
	Employee Deduction	State Contribution	Employee Deduction	State Contribution
Employee Only	\$0.00	\$497.59	\$24.88	\$472.71
Employee & Spouse/Domestic Partner	\$208.15	\$832.59	\$234.17	\$806.67
Employee, Spouse/Domestic Partner & Child(ren)	\$287.19	\$951.15	\$313.21	\$925.13
Employee & Child(ren)	\$119.28	\$699.30	\$145.30	\$673.28
Family Contract (both employee, spouse/domestic partner work for the State and share children)	\$0.00	\$619.17	\$26.02	\$593.15

Level 2: Base Annual Salary is Between \$30,000 - \$80,000				
Level of Coverage	With the Health Credit		Without the Health Credit	
	Employee Deduction	State Contribution	Employee Deduction	State Contribution
Employee Only	\$24.88	\$472.71	\$49.76	\$447.83
Employee & Spouse/Domestic Partner	\$234.17	\$806.57	\$260.19	\$780.55
Employee, Spouse/Domestic Partner & Child(ren)	\$313.21	\$925.13	\$339.23	\$899.11
Employee & Child(ren)	\$145.30	\$673.28	\$171.32	\$647.26
Family Contract (both employee, spouse/domestic partner work for the State and share children)	\$26.02	\$593.15	\$52.04	\$567.13

Level 3: Base Annual Salary is equal to or more than \$80,000				
Level of Coverage	With the Health Credit		Without the Health Credit	
	Employee Deduction	State Contribution	Employee Deduction	State Contribution
Employee Only	\$49.76	\$447.83	\$74.64	\$422.95
Employee & Spouse/Domestic Partner	\$260.19	\$780.55	\$286.21	\$754.53
Employee, Spouse/Domestic Partner & Child(ren)	\$339.23	\$899.11	\$365.25	\$873.09
Employee & Child(ren)	\$171.32	\$647.26	\$197.34	\$621.24
Family Contract (both employee, spouse/domestic partner work for the State and share children)	\$52.04	\$567.13	\$78.06	\$541.11

Retirees Not on Medicare

Premium rates below do not reflect retirees who receive a pro-rated premium contribution.

Level of Coverage	Monthly Pension Deduction	Monthly State Contribution
Retiree Only	\$0.00	\$995.18
Retiree & Spouse/Domestic Partner	\$1,040.74	\$1,040.74
Retiree & Spouse/DP < 65 & Child(ren)	\$1,435.94	\$1,040.74
Retiree & Child(ren)	\$596.42	\$1,040.74
Surviving Spouse	\$995.18	\$0.00
Retiree on Medicare & Spouse under age 65	\$995.18	\$248.81

COBRA Participants

Level of Coverage	Non-COBRA State Premium	COBRA Monthly Premium
Employee Only	\$995.18	\$1,015.08
Employee & Spouse/Domestic Partner	\$2,081.48	\$2,123.11
Employee & Spouse/Domestic Partner & Child(ren)	\$2,476.68	\$2,526.21
Employee & Child(ren)	\$1,637.16	\$1,669.90

Premium Amounts Listed Below are for the Period July 1, 2021 through June 30, 2022

Level 1: Base Annual Salary is Equal to or Less Than \$30,000

Level of Coverage	With the Health Credit		Without the Health Credit	
	Employee Deduction	State Contribution	Employee Deduction	State Contribution
Employee Only	\$0.00	\$484.98	\$24.25	\$460.73
Employee & Spouse/Domestic Partner	\$202.87	\$811.49	\$228.23	\$786.13
Employee, Spouse/Domestic Partner & Child(ren)	\$279.91	\$927.04	\$305.27	\$901.68
Employee & Child(ren)	\$116.26	\$681.57	\$141.62	\$656.21
Family Contract (both employee, spouse/domestic partner work for the State and share children)	\$0.00	\$603.48	\$25.36	\$578.12

Level 2: Base Annual Salary is Between \$30,000 - \$80,000

Level of Coverage	With the Health Credit		Without the Health Credit	
	Employee Deduction	State Contribution	Employee Deduction	State Contribution
Employee Only	\$24.25	\$460.73	\$48.50	\$436.48
Employee & Spouse/Domestic Partner	\$228.23	\$786.13	\$253.59	\$760.77
Employee, Spouse/Domestic Partner & Child(ren)	\$305.27	\$901.68	\$330.63	\$876.32
Employee & Child(ren)	\$141.62	\$656.21	\$166.98	\$630.85
Family Contract (both employee, spouse/domestic partner work for the State and share children)	\$25.36	\$578.12	\$50.72	\$552.76

Level 3: Base Annual Salary is equal to or more than \$80,000

Level of Coverage	With the Health Credit		Without the Health Credit	
	Employee Deduction	State Contribution	Employee Deduction	State Contribution
Employee Only	\$48.50	\$436.48	\$72.75	\$412.23
Employee & Spouse/Domestic Partner	\$253.59	\$760.77	\$278.95	\$735.41
Employee, Spouse/Domestic Partner & Child(ren)	\$330.63	\$876.32	\$355.99	\$850.96
Employee & Child(ren)	\$166.98	\$630.85	\$192.34	\$605.49
Family Contract (both employee, spouse/domestic partner work for the State and share children)	\$50.72	\$552.76	\$76.08	\$527.40

Retirees Not on Medicare

Premium rates below do not reflect retirees who receive a pro-rated premium contribution.

Level of Coverage	Monthly Pension Deduction	Monthly State Contribution
Retiree	\$0.00	\$969.96
Retiree & Spouse	\$1,014.36	\$1,014.36
Retiree, Spouse & Child(ren)	\$1,399.54	\$1,014.36
Retiree & Child(ren)	\$581.30	\$1,014.36
Surviving Spouse	\$969.96	\$0.00
Retiree on Medicare & Spouse under age 65	\$969.96	\$288.11

COBRA Participants

Level of Coverage	COBRA Monthly Premium
Subscriber Only	\$989.36
Subscriber & Spouse/Domestic Partner	\$2,069.29
Family	\$2,462.18
Subscriber & Child(ren)	\$1,627.57