



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

LD 91, An Act To Authorize Employees of the Maine Association of Retirees to Be Eligible for Participation in the State Employee Health Insurance Program

Sponsored by Representative Daniel Shagoury

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

Senator Bailey, Representative Mathieson, and honorable members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services, my name is Anya Trundy, I am a Deputy Commissioner for the Department of Administrative and Financial Services (DAFS), and I am providing testimony today in opposition to LD 91.

DAFS and the Office of Employee Health, Wellness and Workers Compensation, which is responsible for administration of the State Employee Health Plan, are opposed to the premise of LD 91 because the State Employee Health Plan is not an insurance plan intended for purchase on the open market. Rather, the State Employee Health Plan is the self-insured health insurance plan offered to State of Maine employees as an employee benefit.

5 MRS §285 defines the eligibility of state employees and "other eligible persons" for the State Employee Health Plan. Since its enactment, the statute has been amended numerous times to expand eligibility to 31 "ancillary employers," most of which would be considered quasi-governmental entities, that have an otherwise existing financial dependency on the State, as their operations are at least partially funded through the State budget. By comparison, the Maine Association of Retirees is an independent, non-profit corporation and advocacy organization, of which there are hundreds in Maine.

Expanding eligibility to allow independent, non-profit and advocacy organizations to enroll in the State of Maine Health Plan would set a precedent that could lead to other organizations unaffiliated with State of Maine government also seeking eligibility. This could significantly complicate the administration of the State of Maine Health Plan and undermine the Plan's cost efficiency.

We sympathize with the Maine Association of Retirees' desire to provide health insurance to their employees. However, there are other health insurance options available for small non-profit organizations and small businesses; in particular, an Individual Coverage Health

Reimbursement Arrangement (ICHRA), as defined by the federal Marketplace, is an efficient and cost-effective way for small organizations to provide defined non-taxed reimbursements to employees for qualified medical expenses, including monthly premiums and out-of-pocket costs, like copayments and deductibles. The Maine Health Insurance Marketplace website also has a section providing Information for Small Businesses.

Furthermore, the State Employee Health Plan offers a single high-coverage, low-deductible platinum-level health plan. Individual State employees' biweekly premiums range between \$0 and \$54.89 and are low comparative to what most private sector employers offer, but this is because the State's contribution to monthly premiums is \$548.87 to \$493.98 bimonthly. For ancillary members, the State would not subsidize any portion of the monthly premiums—the ancillary would be responsible for annual costs of \$14,270.62 per individual member—and at that amount health coverage through the State Employee Health Plan may actually prove cost prohibitive for the organization and/or its employees.

Finally, from an administrative perspective, the Office of Employee Health, Wellness and Worker's Compensation is not an insurance company and is not set up to administer the billing for an ever-expanding number of ancillaries. The Office consists of 28 employees, not all of whom are dedicated to the administration of the State Employee Health Plan, and administration of the State Employee Health Plan to State Employees is structured around being primarily funded via the State's employer contribution and payroll withholdings rather than billable premiums.

DAFS encourages the Committee not to establish this precedent and vote LD 91 Ought Not To Pass. Thank you for your consideration, I am happy to answer any questions on the bill now, and will be available for the work session.

Premium amounts listed below are for the period July 1, 2024 through June 30, 2025

Level 1: Base Annual Salary is Equal to or Less Than \$50,000				
Level of Coverage	With the Health Credit		Without the Health Credit	
	Employee Deduction	State Contribution	Employee Deduction	State Contribution
Employee Only	\$ 0	\$ 548.87	\$ 27.44	\$ 521.43
Employee & Spouse/Domestic Partner	\$ 229.60	\$ 918.40	\$ 258.30	\$ 889.70
Employee, Spouse/Domestic Partner & Child(ren)	\$ 316.78	\$ 1,049.18	\$ 345.48	\$ 1,020.48
Employee & Children	\$ 131.58	\$ 771.37	\$ 160.28	\$ 742.67
Family Contract (both employee, spouse/domestic partner work for the State and share children)	\$ -	\$ 682.98	\$ 28.70	\$ 654.28

Level 2: Base Annual Salary is Between \$50,000 - \$100,000				
Level of Coverage	With the Health Credit		Without the Health Credit	
	Employee Deduction	State Contribution	Employee Deduction	State Contribution
Employee Only	\$ 27.44	\$ 521.43	\$ 54.89	\$ 493.98
Employee & Spouse/Domestic Partner	\$ 258.30	\$ 889.70	\$ 287.00	\$ 861.00
Employee, Spouse/Domestic Partner & Child(ren)	\$ 345.48	\$ 1,020.48	\$ 374.18	\$ 991.78
Employee & Children	\$ 160.28	\$ 742.67	\$ 188.98	\$ 713.97
Family Contract (both employee, spouse/domestic partner work for the State and share children)	\$ 28.70	\$ 654.28	\$ 57.40	\$ 625.58

Level 3: Base Annual Salary is equal to or more than \$100,000				
Level of Coverage	With the Health Credit		Without the Health Credit	
	Employee Deduction	State Contribution	Employee Deduction	State Contribution
Employee Only	\$ 54.89	\$ 493.98	\$ 82.33	\$ 466.54
Employee & Spouse/Domestic Partner	\$ 287.00	\$ 861.00	\$ 315.70	\$ 832.30
Employee, Spouse/Domestic Partner & Child(ren)	\$ 374.18	\$ 991.78	\$ 402.88	\$ 963.08
Employee & Children	\$ 188.98	\$ 713.97	\$ 217.68	\$ 685.27
Family Contract (both employee, spouse/domestic partner work for the State and share children)	\$ 57.40	\$ 625.58	\$ 86.10	\$ 596.88