



# HOUSE OF REPRESENTATIVES

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Senator Bailey, Representative Mathieson, distinguished colleagues on the Health Coverage, Insurance and Financial Services Committee, I am Joshua Morris and I represent the people of Leeds, Turner, and Wayne. I am pleased to introduce ***LD 519, "An Act to Remove the Requirement That Individual and Small Group Health Plans Be Offered Through a Pooled Market and to Eliminate the Provision of Law Establishing a Pooled Market for Those Plans."***

A little background, in 2019, the 129th legislature passed PL 2019, chapter 653, that set Maine on a path to create a state- based exchange for health insurance.

Originally, the bill proposed merging the small group and individual markets into one. Skepticism about the wisdom of such a move led to the language being amended to require the Bureau of Insurance to prove that merging the markets would not result in increased premiums in either the small group or individual markets. This was intended as a do no harm standard.

Over the course of 2020, two actuarial reports were conducted. The Bureau contracted with Gorman actuarial. The other report was conducted by Milliman for the Maine Guaranteed Access Reinsurance Association (MGARA). MGARA is charged with providing rate relief to the individual market. Insurance companies prospectively cede high risk members to MGARA which then draws federal funds for claims above the attachment point. Since its restart in 2019, MGARA effectiveness has resulted in an 11% decrease in premiums in the individual market. That was up until last year with the merging of the markets.

Both actuaries showed the same thing, going forward with merging the small group and individual markets, the average premium in the individual market would increase by 4% over where they would be if we did not merge the markets. The reality of the situation has been far worse. Premiums in the individual market have increased by close to 15%. Based on the letter of the law, other options should have been pursued to help the small group market.

Unfortunately, it was decided to continue to pursue merging the markets. Their decision was based on using a baseline that has since been codified into law, of what insurance rates would be if MGARA did not exist to claim that there are savings.

Additionally, recently there have been issues and concerns with long-term solvency of MGARA. I understand there are ongoing meetings with stakeholders regarding what can be done to ensure its solvency. I think it would make sense to have the Bureau of Insurance brief us about MGARA, the challenges, and solutions that may become necessary. I will tell you I also have another bill that would convene a stakeholder study group to come up with solutions for the long-term solvency of MGARA.

I am hopeful that we can hold off working on this bill until we have had an opportunity to have a briefing from the Bureau about MGARA in the hopes that this bill can provide a vehicle for any solutions this year or next. Thank you, I would be happy to answer any questions you may have.

Joshua Morris  
State Representative