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Testimony NFNA 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
February 27, 2025

Senator Bailey, Representative Mathieson, and Members of the Health Coverage, Insurance, and Financial Services Committee

My name is Dan Demeritt, the Executive Director of the Maine Association of Health Plans. Insurance coverages offered or administered by our member plans provide access to care and better outcomes for many of the Mainers who receive coverage through an employer plan or the individual market. Our mission as an association is to improve the health of Maine people by promoting affordable, safe, and coordinated health care.

I serve as a member of the MGARA Board as a payer representative but am speaking today on behalf of the Maine Association of Health Plans.

The Maine Association of Health Plans appreciates Representative Morris' leadership on the issues of health care access, quality, and affordability for consumers and employers. We have consistently shared the sponsor's concerns about the long-term costs of achieving short-term premium relief by merging Maine's individual and small group markets. While we continue to believe that it may be appropriate to revisit the merger of the Individual and small group markets, it may be premature to do so at this time.

The merger of the markets, coupled with the expansion of the reinsurance program to include the small group market and the move from a prospective to a retrospective model, have all contributed to reduce the impact of the Maine Guaranteed Access Reinsurance Association (MGARA) program. Since the merger of the markets, the value of the reinsurance program administered by the MGARA in terms of premium reductions has declined from approximately 15% to roughly 7%.

MGARA's current impact on premiums is unsustainable. At the end of this year, the enhanced premium tax credits will expire, absent action at the federal level to extend. If the enhanced premium tax credits do expire, the pass-through funding received by Maine will decrease, and access and the affordability of individual coverage through Maine's health insurance exchange will be reduced. Impact of MGARA's reinsurance coverage has also been inflated by the decision by the MGARA Board to slowly reduce its year-end surplus from \$84.7 million in 2021 to approximately \$32 million by year end 2025.

The MGARA Board and the Maine Bureau of Insurance are looking at the long-term sustainability of the program and are working to develop potential recommendations that can sustainably increase the value of Maine's reinsurance program. Therefore, it would be wise to allow that work to continue before taking significant action.

Thank you and I would be happy to answer any questions you might have.