



## Testimony in Support of 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

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February 27, 2025

Senator Bailey, Representative Mathieson and distinguished members of the Health Coverage, Insurance and Financial Services Committee, my name is Kim Cook and I am an attorney with Government Strategies and I'm here on behalf of Community Health Options, Maine's nonprofit CO-OP health insurance company. Community Health Options exists for the benefit of its Members and its mission which is to provide affordable, high-quality benefits that promote health and wellbeing. We offer our testimony in support of LD 519.

Community Health Options strongly supports the decoupling of the merged market and we have been consistent in this position over the past few years. Rather than providing a benefit to both the individual market and the small group market as was the original intent of the proposal, the result of the market merger has been a net negative for Maine. The merged market's impact on Maine's reinsurance program, Maine Guaranteed Access To Reinsurance Association (MGARA), showcases the failure of combining the markets to deliver on the policy intentions, and now it also threatens to capsize MGARA.

MGARA is funded largely by the recapture of saved ACA subsidies by virtue of the existence of the reinsurance program. MGARA was originally crafted solely for the individual market. By vastly increasing the pool covered by MGARA without sufficiently increasing the funding, the results of the merger were quite predictable: a dramatic decrease in the value of MGARA on a per participant basis. This then drives down the value of MGARA to insurers which correspondingly depresses the amount of recaptured subsidies flowing to Maine, triggering a downward spiral for the program. Rather than trying to fit a square peg in a round hole, we should decouple the markets and directly address small group mechanics in a way that truly supports the small group market while also not jeopardizing what had previously been an extremely successful model of reinsurance for the individual market.



Health Options has also consistently advocated for policies to support the small group market, including the establishment of guardrails on self-insurance for small groups. The Legislature has the opportunity to support the small group market through policies and programs that provide direct relief. These include restarting the small business premium relief program, exploring policy avenues to make the SHOP program more meaningful, and providing an easier pathway to take advantage of Individual Coverage Health Reimbursement Arrangement (ICHRA) opportunities.

While none of the alternatives offer an easy fix, the status quo threatens to harm consumers in both parts of today's merged market. For these reasons, we ask the HCIFS Committee to Vote Ought to Pass on LD 519.