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## **Testimony in Support of LD 1310**

### **Committee on Health Coverage, Insurance and Financial Services**

**April 8, 2025**

Chair Bailey, Chair Mathieson, Members of the Committee:

Thank you for the opportunity to provide testimony in support of LD 1310. This legislation would enable innovative, co-pay only health plans-with no deductibles and no co-insurance-to be offered as an option in the fully-insured market in Maine.

Our testimony is intended to accomplish three objectives:

1. Describe what this legislation would do (and not do);
2. Share what we see as the benefits of the legislation and why we believe you should enact the legislation; and
3. Explain why we believe you as policymakers should feel comfortable and confident enacting the legislation.

We would welcome the opportunity to participate in any subsequent work sessions or other committee deliberations on the bill where our perspective and experience with these plans might be helpful to you.

#### **What the Legislation Does**

The legislation would allow zero deductible health plans to have member co-pays for first primary care office visits and behavioral health visits.

As you know, current Maine law prohibits a carrier from requiring any member cost sharing on a first primary care office visit or certain behavioral health visits in a plan year.

The existing statute includes an exemption from these restrictions for high deductible health plans (HDHP), in order to preserve IRS compliance and tax treatment of HDHPs for Maine individuals and employers.

LD1310 would create a limited and conditional exemption to allow zero deductible health plans to impose co-pays. The exemption would be available only for health plans that

impose no deductible and no co-insurance on members. Any preventative care must still be covered with no co-pay or other cost sharing.

### **Co-pay Only Model**

Our Surest plan is a co-pay only plan with zero deductibles and zero co-insurance. Other companies offer similarly designed plans.

Plan members are empowered with clear, predictable and reliable information about co-pay amounts and provider care ratings. Members are free to choose any provider, but are incentivized to utilize the highest value providers based on outcomes, quality and cost.

The use of variable co-pays is integral to zero deductible health plans and their ability to advance affordability for employees and individuals.

Because of the critical role co-pays play, it is unlikely these types of plans will be offered in the Maine fully insured market as long as the existing statutory prohibition on co-pays is in place.

### **Why Maine Legislators Should Advance and Enact the Legislation**

We believe the legislation would further the underlying objectives of the existing statute AND would encourage additional, innovative approaches to expanding access to health care coverage that is more affordable for more employers and individuals in Maine.

The bill does this in three main ways:

#### First: Ensuring access and lowering financial barriers to care

The legislation would help expand access to zero deductible health plans, which eliminates one of the largest financial barriers to care for many individuals, namely the deductible.

Many widely used health plans in Maine have annual deductibles of \$3000, \$4000 and even \$5,000 that must be met by an individual before coverage begins.

High deductibles can result in unaffordable out-of-pocket costs for individuals and operate as a barrier to care for many, in particularly regressive ways.

The recent survey by Maine Consumers for Affordable Health Care found that among Maine residents with commercial health insurance, over 50% recently experienced difficulty affording their deductible and nearly 40% struggled to pay for co-insurance.

Nearly 60% of survey respondents agreed they would be "much more likely to get recommended medical services or prescriptions if I didn't have such high deductibles or out of pocket costs."

With our Surest zero deductible plans, members are responsible only for co-pays. Surest members on average saved 54% on their total out-of-pocket costs.

Surest and similar plans utilize a single combined co-pay for many services in an office visit or other "episode of care", that would that often require separate co-pays or co-insurance with other health plans. Any preventative care is still covered with no co-pay or cost share.

For example, in sick office visit, a single co-pay will cover the typical evaluation and management service AND ALSO cover other services that commonly occur like diagnostic labs, x-rays, EKGs, etc.

A single urgent care visit co-pay includes x-rays, stitches, IV antibiotics and fluids, etc. Similar episodic co-pays are used for childbirth, hip replacements and other common procedures.

Because members are relieved of the much larger financial burden and confusion of deductibles and co-insurance, the use of co-pays in Surest has not resulted in a decrease in member utilization of care.

In fact, members who moved to our zero deductible plans increased their utilization of primary care, preventive services and cancer screenings compared to their prior plan. (Office visits +17%; mental health office visits +49%; telemedicine mental health visits +15%; colorectal screenings +34%)

#### Second: Expanding alternatives to high deductible health plans

Enacting the bill will expand access to zero deductible health plans to more Maine employers and individuals, beyond the self-insured market only.

Increasingly, zero deductible plans are emerging as an important alternative to HDHPs. Our plan is currently available in 40 states for fully insured plans and in 49 states for self-insured plans, including Maine. UHC is not alone in offering them. Other carriers have similar products.

As you know, health plans with high deductibles serve an important role as ONE option for employers and individuals trying to manage the rising costs of premiums and health care coverage.

With our zero deductible Surest plan, members have seen 54% savings in out-of-pocket costs compared to a traditional plan.

Employers have seen savings of 10% on average and as much as 15%. We believe that's a key reason why the Maine Health Purchasers Alliance is supporting the bill.

#### Third: Enhancing cost predictability and pricing transparency for individuals.

In the Consumers for Affordable Health Care survey, nearly 9 of 10 respondents agreed that "patients should always be provided clear, transparent pricing before receiving medical services". And 70% of survey respondents said they are often unsure how much they will have to pay out-of-pocket for a medical service or prescription".

With zero deductible, co-pay only plans individuals can know in advance exactly what their out-of-pocket cost will be BEFORE they visit a health care provider for treatment. They have transparency into the prices charged by different providers for the same services and comparative care rating information about providers.

Surest and similar plans can help protect against "surprise" medical bills. The single co-pay for many services in an office visit or other "episode of care" helps reduce the likelihood that an insured will be responsible for separate co-pays for separate services (like diagnostic labs, x-rays, etc.).

Nearly 80% of our Surest members say they understand or really understand their health plan.

### **Why Legislators Should Feel Comfortable/Confident Enacting the Legislation**

The legislation only creates the narrow, conditional exemption from the co-pay prohibition for plans that have impose no deductible and no co-insurance on members.

All other requirements on carriers and all other protections for individuals under Maine law and federal law remain in place.

- **Preventative care is still covered without any co-pay or cost sharing.**
- **The bill makes no changes to parity protections. Mental health and behavioral health parity requirements still apply.**
- **Annual out-of-pocket maximums still cap overall costs for plan members.**

The bill imposes no mandate or obligation on any employer, individual, carrier or health plan. The bill does not eliminate or impact any other coverage option available in Maine today.

These types of plans are offered in 40 states for fully insured plans and in 49 states in the self-insured market, including in Maine.

For all these reasons, we respectfully urge the committee to act favorably on the bill.

Thank you for considering our perspective. We would welcome the opportunity to meet with the committee or any committee member to discuss in more detail how zero deductible plans are advancing health care access and affordability.

Please contact me if there is any additional information we can provide.