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Testimony in Opposition to LD 1785
An Act to Encourage Competition by Requiring Independent
Health Care Provider Cost-of-living Adjustments in Health Insurance Contracts
May 13, 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 commercial insurance coverage.

Employers and consumers purchase health insurance to ensure access to preventative and medically necessary care and to protect against exorbitant health care costs and medical debt. If LD 1785 becomes law, the reimbursement paid to certain Maine providers will be influenced by the cost of housing in Boston, New York, and Los Angeles, ultimately driving up the cost of health insurance for Maine employers and consumers.

Network Adequacy and Fair Fees for Services

To ensure members have access to care, health plans are required to meet network adequacy standards established by CMS and reviewed by the Maine Bureau of Insurance. The review requires that Maine plans meet CMS standards for adult and pediatric primary care, 32 specialties, and 11 types of health care facilities.¹

Carriers deliver value to members and Maine employers by establishing provider rates through negotiations and the development of fee schedules that ensure there is an adequate and stable network of providers available to deliver patient care. This approach establishes a link to compensation that fairly reflects market conditions.

Annual and Automatic Price Increases

We oppose LD 1785 because in periods of price growth it would automatically increase the cost of health insurance in the nation's most rural state by requiring plans to annually absorb an across-the-board increase in rates paid to individual providers based on the Consumer Price Index for all Urban Consumers. This would annually increase costs for the Maine consumers and employers who pay for health insurance.

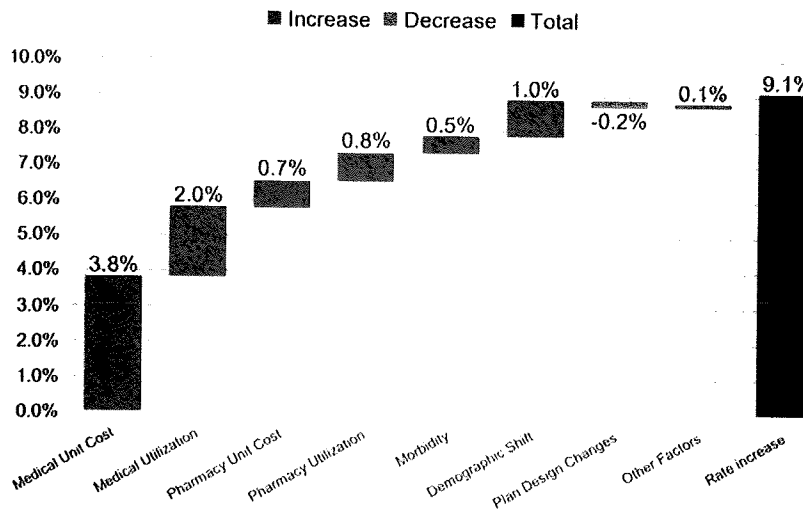
These automatic increases would not be tied to our rural state market conditions or the supply and demand of providers but rather a weighted average of eight major economic sectors in which medical care represents just 7.8% of the index. The prices urban consumers pay for housing (44.6%), transportation (17.2%) and food and beverages (14.2%) account for more than 75% of the index.²

¹ <https://www.maine.gov/pfr/insurance/sites/maine.gov.pfr.insurance/files/inline-files/477.pdf>

² <https://www.statista.com/chart/31266/composition-of-the-consumer-price-index/#:~:text=The%20eight%20main%20expenditure%20groups,major%20impact%20on%20overall%20inflation.>

None of this suggests that provider reimbursement is not and should not increase based on network needs and market conditions. The *Medical Trends and Premium Changes in Maine Marketplace Report* shared by the Maine Office of Affordable Health Care finds that trends in medical unit cost accounts for more than a third of the 2025 average premium increase in Maine’s individual market. In terms of the actual data, what plans pay providers in Maine for delivering a medical service accounts for 3.8% of the 9.1% average premium increase in 2025.³

Exhibit 6: Components of Average 2025 Premium Change, All Issuers (Individual Segment)



Fees Can Only Go Up

Furthermore, the bill links compensation to the CPI-U when prices are going up but does not provide a mechanism for lowering rates in periods of deflation.

Moreover, it prevents a carrier from ever reducing fees if a procedure becomes less complex or time-consuming, only allowing for a reduction of fees to reflect a change in the CMS national relative value unit standards.

The bill further requests Legislative interference in pricing with the enactment of a freeze on contractual reimbursements to individual providers during 2025 that would prevent carriers from negotiating better prices for their members and Maine employers.

Thank you for your consideration. We urge a vote of Ought Not To Pass on LD 1785.

³ <https://www.maine.gov/oahc/sites/maine.gov.oahc/files/2025-02/Wakely%20Trend%20Analysis%20in%20Maine%20Report%2002.07.2025.pdf>