



MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

60 Community Drive | Augusta, ME 04330-9486

Testimony in Support of

LD 1906, An Act to Improve Accountability and Understanding of Data in Insurance Transactions (AUDIT)

May 13, 2025

Senator Donna Bailey
Representative Lori Gramlich
Members of the Committee on Health Coverage, Insurance and Financial Services

Dear Senator Bailey, Representative Gramlich, and Members of the Committee:

The Maine Municipal Employees Health Trust (MMEHT) was founded in 1983 with the goal of containing healthcare costs while maintaining quality benefit programs and providing superior service. The Trust is a non-profit, self-insured organization, governed by Trust participants. We are a Multiple Employer Welfare Arrangement (MEWA) regulated by the Bureau of Insurance.

At the present time, over 480 Maine municipalities, counties, and quasi-municipal organizations participate in one or more of the Health Trust's medical plans. This represents over 20,000 employees, retirees and dependents, located in every county in Maine.

LD 1906, An Act to Improve Accountability and Understanding of Data in Insurance Transactions, would prohibit insurance companies and pharmacy benefit managers from including restrictive auditing provisions in their contracts with purchasers such as the Health Trust, and it will specify key data that they must make available for audits. We believe that these reforms will strengthen the Health Trust Board's ability to perform their due diligence and fiduciary oversight of the plan and allow us to confirm that all contract terms and financial guarantees are being met.

As health plan administration grows further complicated, MMEHT's ability to confirm that claims are being paid properly is even more critical. The Trust engages an independent auditing firm to audit claims paid by our third party administrators (TPAs) twice a year. Under our current TPA's audit policy, we are limited to auditing only a tiny fraction of claims. The sampling of 100 medical claims and 50 pharmacy claims which are audited annually is inadequate to identify any potential trends or claims processing issues.

The Health Trust utilizes a unique, internal Member Services model, by which our staff frequently learns of TPA processing issues and/or billing errors made by providers. These issues are raised by staff to our TPA, which provides strong service in resolving them upon our request. However, we often discover issues which they were not aware of, and only rarely are any issues identified through the formal claims audit.

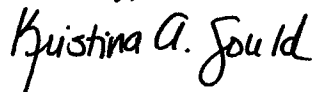
In 2021 the Health Trust's TPA introduced an enhanced internal review program, which seeks to reduce fraud, abuse and overpayments in the system. MMEHT is charged a percentage of the "shared savings" to fund this program. While we fully support this effort and its goals, our ability to understand and verify how the program creates savings, and the corresponding fees assessed, is very limited. Though we requested a more robust audit, the Health Trust was restricted to auditing just 50 claims for a two-year period. Of these, our independent auditor found concerns with a third of them. While the TPA was willing to reverse some of the fees as a result, this process reduced our confidence in their ability to accurately identify the claims which should be assessed a shared savings fee.

Of particular interest to the Health Trust is the provision in this bill which expands our ability to understand how claims are being processed by the pharmacy benefits manager (PBM), including rebate amounts. The Health Trust has negotiated a 100% pass through of pharmacy rebates, which are anticipated to be over \$18 million in 2025. However, reporting to substantiate the amount received is considered "proprietary" and is woefully inadequate. The ability to know the rebate amounts, identified by the drug and therapeutic category, will allow the Board of Trustees to make fully informed decisions by understanding the true net cost of certain prescription drugs.

On behalf of MMEHT, I urge you to support of *LD 1906, An Act to Improve Accountability and Understanding of Data in Insurance Transactions (AUDIT)*.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Kristina A. Gould". The signature is written in a cursive, flowing style.

Kristina A. Gould
Director, Health Trust Services