



Meg Garratt-Reed, Executive Director
Office of Affordable Health Care

May 13th, 2025

Senator Donna Bailey

Representative Kristi Mathieson

Members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services

Cross Building, Room 220

100 State House Station

Augusta, ME 04333

Senator Bailey, Representative Mathieson, and members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services;

I am Meg Garratt-Reed, Executive Director of the Office of Affordable Health Care, and I am testifying today in support of LD 1906.

Employer-sponsored coverage has a foundational role in the current structure of our country's health care system. Here in Maine, just under half of all residents are covered by health insurance plans offered, and heavily subsidized, by an employer.¹ As you know from your work on this committee, state laws and regulations governing insurance plans generally do not apply to the self-funded employer sponsored plans that cover roughly 600,000 Maine residents. Instead, under the federal Employee Retirement and Income Security Act, their employer has a fiduciary duty to ensure that the plan is operated in the interest of its participants, including by ensuring that the plan only pays "reasonable plan expenses."²

In order to effectively fulfill their responsibility to plan members, employers need to be able to assess the performance of their service providers, including TPAs and PBMs. Congress recognized that necessity in 2021 when it passed a law increasing fiduciary standards for plan sponsors and reducing barriers to transparency in fee structures in order to facilitate their compliance.³ From the testimony on behalf of employers, however, it seems clear that restrictive contractual clauses limiting the ability of sponsors to audit payments continue to prevent many

¹ KFF, *Health Insurance Coverage of the Total Population – KFF Analysis of Census Bureau's American Community Survey 2008-2023 1-Year Estimates, 2024*. <https://www.kff.org/other/state-indicator/total-population/?currentTimeframe=0&sortModel=%7B%22colld%22:%22Location%22,%22sort%22:%22asc%22%7D>

² U.S. Department of Labor, *Understanding Your Fiduciary Responsibilities Under a Group Health Plan*, September 2023. <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/publications/group-health-plan-fiduciary-responsibilities.pdf>

³ U.S. Department of Labor, *FAQs About Affordable Care Act and Consolidated Appropriations Act, 2021 Implementation Part 57*, February 2023. <https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/faqs/aca-part-57>

employers from effectively overseeing these entities. This problem may be particularly acute in Maine given the high prevalence of residents employed by businesses with 500 or fewer employees, who have little leverage in negotiations with service providers.⁴

This bill is a reasonable step that the legislature can take to empower Maine businesses to effectively oversee spending on health care services on their behalf, and prohibiting TPAs and PBMs from utilizing these contract terms to avoid greater oversight is not just a benefit to employers. Given the significant role of job-based insurance plans in covering Maine families, it would also benefit the many plan participants who, along with their employers, bear the ultimate cost when TPAs or PBMs fail to address overpayments or erroneous charges.

Thank you for your time, and I would be happy to answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Meg Garratt-Reed". The signature is fluid and cursive, with a long horizontal stroke at the end.

Meg Garratt-Reed, Executive Director
Office of Affordable Health Care

⁴ U.S. Small Business Administration, *Small Business Profiles for the States, Territories, and Nation - Small Business Administration Office of Advocacy analysis of Statistics of U.S. Businesses Census Data, 2023*.
<https://www.census.gov/data/tables/2022/econ/susb/2022-susb-annual.html>