



Consumers for Affordable Health Care

Advocating the right to quality, affordable
health care for all Mainers.

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Testimony in Support of: LD 1906, An Act to Improve Accountability and Understanding of Data in Insurance Transactions

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Senator Bailey, Representative Mathieson, and members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services, thank you for the opportunity to provide this testimony in support of LD 1906, An Act to Improve Accountability and Understanding of Data in Insurance Transactions.

My name is Kate Ende, policy director at Consumers for Affordable Health Care (CAHC), a nonpartisan, nonprofit organization that advocates the right to quality, affordable health care for all people living in Maine. As designated by Maine's Attorney General, CAHC serves as Maine's Health Insurance Consumer Assistance Program. Our toll-free helpline fielded nearly 7,300 calls and emails this past year from people across Maine needing help with their private health coverage or with accessing affordable healthcare services. CAHC also serves as the Ombudsman program for Maine's Medicaid program, MaineCare, and helps people apply for and navigate the enrollment process for MaineCare.

This bill is about transparency and accountability. As this committee is well aware, many large employers offer coverage to their employees through a self-funded, or self-insured, health plan. In these arrangements, employers typically contract with third-party administrators and pharmacy benefit managers to administer health and pharmacy benefits, but retain the financial risk for claims paid by the health plan. As the plan sponsor, employers offering self-funded plans should have the ability to access their claims data and ensure accurate billing and payment of claims. However, TPAs and PMBs frequently limit the ability of plan sponsors to conduct effective or comprehensive audits.

This is highly problematic, especially considering that employers offering self-insured health plans to their employees have a fiduciary responsibility to their plan members, including an obligation "to only pay reasonable plan expenses."¹ Medical billing is extremely complex and most individuals are not able to spot incorrect billing codes or errors. However, it is estimated that a staggering 80% of medical bills contain errors.²

¹ Understanding Your Fiduciary Responsibilities Under A Group Health Plan, U.S. Department of Labor, Employee Benefits Security Administration (EBSA), <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/publications/group-health-plan-fiduciary-responsibilities.pdf>

² Kelly Gooch, "Medical Billing Errors Growing, Says Medical Billing Advocates of America," Becker's Hospital Review, April 12, 2016. Available at: <https://www.beckershospitalreview.com/finance/medical-billing-errors-growing-says-medical-billing-advocates-of-america/>.

Given this high rate of billing errors, how can an employer be expected to ensure plan expenses are reasonable, or that a TPA or PBM are following the terms of their contract, if they cannot access their claims data?

Comprehensive audits are a useful and necessary tool to ensure the accuracy of claims, identify and recoup any losses from overpayments, and for plan sponsors to provide needed oversight into the management of their health plan and pharmacy benefits. Audits can also help plan sponsors ensure TPAs and PBMs are complying with the terms of their contracts.

LD 1906 would prevent TPAs and PBMs from charging excessive fees or placing overly restrictive limitations on audits. This will improve transparency and allow for better oversight, which we believe will help to generate cost savings for both employers as well as their employee members.

Given the high and rising costs of health care, we believe this bill is a commonsense solution to allow plan sponsors to better conduct due diligence and ensure limited health care dollars are being spent appropriately. For this reason, we urge you to support LD 1906. Thank you.