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Testimony in Opposition to L.D. 1269 and 1883

Resolve, to Study the Costs and Funding of a Universal Health Care Plan for Maine
An Act to Enact the All Maine Health Act
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 the more than 600,000 Mainers who receive coverage through an employer plan or the individual market.

At this point in the legislative session, we have heard many concerns about the costs and challenges of delivering health care in our aging and rural state. In the face of these challenges, we should remain realistic about our capacity to implement change at the state level and focus on achievable solutions that can improve access to medically necessary and affordable health care.

There is not a single state in the United States that is currently delivering health care through a state-based universal health care system. There are many reasons why Maine should not spend its limited resources trying to become the first.

What Vermont Learned the Hard Way

Vermont was forced to abandon Green Mountain Care three and a half years after then-Governor Peter Shumlin signed the bill into law that would have created the nation's first single-payer health system.

The cost of the plan would have essentially doubled Vermont's budget and create "a risk of economic shock" even though the proposal would have eliminated payments for private health plans. "What I learned the hard way," Shumlin said, "is it isn't just about reforming the broken payment system. Public financing will not work until you get costs under control."¹

MaineCare and Medicare Underfund Maine Providers

The basic cost component for the proposed statewide health plan are the average annual costs for MaineCare and Medicare.² For many items and services these payer programs reimburse providers below their actual costs, shifting the cost burden to patients with commercial insurance.

¹ https://www.washingtonpost.com/national/health-science/why-vermonts-single-payer-effort-failed-and-what-democrats-can-learn-from-it/2019/04/29/c9789018-3ab8-11e9-a2cd-307b06d0257b_story.html

² <https://maineallcare.org/wp-content/uploads/2024/12/Re-Assessing-the-Costs-and-Impacts-of-a-Universal-Health-Care-System-in-Maine-FINAL-Nov-24.pdf> p.5-6

Hospitals charged private insurers 254% of Medicare in 2022 according to a Rand study.³

The Maine Office of MaineCare Services reported in December that it was updating reimbursement rates to just 72.5% of the most recent 2025 Medicare rates for several covered codes and services including chiropractic, family planning, occupational therapy, physical therapy, physician services, medical imaging, and others.⁴

Upending Coverage for 628,700 Mainers with Employer Coverage

A state funded and administered health plan would disrupt coverage for nearly half of all Mainers who have employer-based health care coverage for themselves and their families. Many Maine consumers are satisfied with the coverages and protections offered through their employer-based plan and would oppose being forced to move into a Medicaid-for-all program.

Uncertainty in State and Federal Healthcare Spending

- **Most Public Payers Turning to Commercially Managed Care:** The federal government, 41 states, and the District of Columbia use commercial third-party insurance administers offering managed care models to bring more predictably and affordability their budgets and improve access to care.
- **\$880 Billion in Federal Medicaid Cuts:** The federal government is considering \$88 billion in cuts per year over the next decade, representing 29% of state-financed Medicaid spending per resident.⁵
- **MaineCare – Deficits and Payment Delays:** Budget pressures and political uncertainty at the State House has contributed to a \$120 million MaineCare shortfall and payments to hospitals have been reduced or delayed.⁶

We urge all health care stakeholders in Maine to focus our energy on goals that are obtainable and build on what works.

To that end we ask the Committee to vote Ought Not to Pass on L.D. 1269 and 1883.

³ <https://www.axios.com/2024/05/13/hospitals-private-insurance-rand>

⁴ <https://www.maine.gov/dhhs/oms/providers/provider-bulletins/medicare-standardization-rate-updates-calendar-year-2025-cy25-2024-12-23>

⁵ <https://www.kff.org/medicaid/issue-brief/putting-880-billion-in-potential-federal-medicaid-cuts-in-context-of-state-budgets-and-coverage/>

⁶ <https://www.mainepublic.org/politics/2025-05-07/bill-aims-to-address-delayed-reduced-mainecare-payments-to-hospitals>

