



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

May 14th, 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 in opposition to both LD 1269 and LD 1883.

I truly appreciate the motivation behind the introduction of these bills. I think all of us, in our professional or personal capacities, are aware that our current health care system is flawed, and that many people suffer because of those flaws. However much we may wish that we could re-create our nation's health care system from the ground up, though, we have a responsibility to those people to pursue solutions that have real potential to ease their suffering. While the concept of a universal coverage program with comprehensive coverage at little to no cost is an understandable and admirable aspiration, the reality is that there is no path forward for implementing such a program in Maine now or in the immediate future.

As we discussed in our 2024 report, "A Public Option for Maine: Considerations for Policymakers," while some administrative savings may be available for public plans which remove insurer profit motive, reduce or eliminate the need for advertising and other administrative functions, and lessen provider administrative burden, those savings are likely to be more than offset by additional spending in a plan like the one contemplated in these bills, which includes little or no utilization review, expands covered services, and increases provider reimbursement rates.¹ The policy model described in LD 1883 also implies that the proposed health plan would negotiate rates with providers and establish annual global budgets for hospitals, rather than setting rates administratively as Medicare and MaineCare currently do, removing one of the most significant sources of administrative efficiency within those programs.

Additionally, while proponents of the bill suggest that at least some of the funds necessary to support such a program could be sourced from reallocated federal spending on other health programs, the bill language seems to ignore the very real legal and regulatory barriers to that approach. In particular, the bill repeatedly references pursuing waivers from federal law to avoid preemption and attempt to redirect or recapture sources of federal spending and revenue. The U.S. Secretary of Health and Human Services, however, does not have authority to waive wholesale sections of federal law. To the extent waiver authority is granted to the Secretary, as in Section 1332 of the Patient Protection and Affordable Care Act

¹ Matthew Fiedler, *Designing a Public Option That Would Reduce Provider Prices*, USC-Brookings Schaeffer Initiative for Health Policy, May 2021. <https://www.brookings.edu/articles/designing-a-public-option-that-would-reduce-health-care-provider-prices/>

or Section 1115 of the Social Security Act, it only permits the waiver of specific provisions of law, and includes guardrails for the use of waivers.² In the case of Medicaid and Medicare, such waivers are only permitted to allow for temporary demonstration projects within the programs, not complete conversion of the programs to what would essentially be federal block grants, and all waivers are required to be budget or deficit neutral. Congress would need to pass legislation to drastically alter the authority of the Secretary in order to permit the kind of waiver process envisioned in this bill, as well as creating pathways for numerous other waivers of federal tax and commerce laws.

The possibility of such action is highly unlikely in the current environment. Just today, the Ways and Means Committee moved forward a proposal which makes significant changes to the Medicaid program and is expected to result in reductions in coverage and greater administrative burden for state Medicaid agencies.³ The enhanced federal tax credits which currently make coverage more affordable for Marketplace consumers are also set to expire at the end of this calendar year, a change which is projected to increase premiums for Maine consumers with subsidies by an average of \$2,000 per year.⁴ In light of these looming challenges, now is not the time to divert the limited resources of agency staff to the kind of collaboration on data access and subject matter expertise which would be necessary for our Office to fulfill the requirements of either of these bills.

As I've shared with this committee in the past, we have worked hard with our Advisory Council to identify policy priorities and begin developing ambitious but achievable solutions that can deliver results for Maine people. We would ask that you allow us to continue focus on making progress on those priorities, rather than requiring additional studies of a policy concept that has no realistic path to implementation and which would likely be outdated or irrelevant in the event that a future opportunity for greater collaboration with the federal government were to arise.

Thank you for the opportunity to provide these comments and I would be happy to answer any questions you may have now or before the work session.

Sincerely,

A handwritten signature in black ink, appearing to read "M. E. Garratt-Reed". The signature is fluid and cursive, with a long, sweeping underline.

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

² Medicare Payment and Access Commission, Comparing Section 1332 and Section 1115 Waiver Authorities, August 2016. <https://www.macpac.gov/wp-content/uploads/2016/08/Comparing-Section-1332-and-Section-1115-Waiver-Authorities.pdf>

³ KFF, *How Will the 2025 Budget Reconciliation Affect the ACA, Medicaid, and the Uninsured Rate?*, May 13, 2025. <https://www.kff.org/policy-watch/how-will-the-2025-budget-reconciliation-affect-the-aca-medicaid-and-the-uninsured-rate/>

⁴ Maine Office of the Health Insurance Marketplace, *Stories from Maine: How Enhanced Premium Tax Credits Sustain Lives and Communities*, May 2025. https://www.coverme.gov/sites/default/files/inline-files/EPTC%20StoryBook_FINAL%20%28first%20names%29.pdf