



Cameron Reny
Senator, District 13

THE MAINE SENATE
132nd Legislature

3 State House Station
Augusta, Maine 04333

**Testimony of Sen. Cameron Reny
Presenting LD 2148, "An Act to Amend the Health Insurance Premium Cap for State
Employees"**

Senator Baldacci, Representative Salisbury, and esteemed members of the Joint Standing Committee on State and Local Government, I am Senator Cameron Reny, I represent Senate District 13 which is most of Lincoln County and the towns of Washington and Windsor. I am here before you today to present LD 2148, "An Act to Amend the Health Insurance Premium Cap for State Employees," a Department of Administrative and Financial Services bill.

The affordability and quality of health insurance benefits provided to State employees through the State's self-insured plan is well known. Access gained to the State Employee Health Plan, among other benefits, is what often makes State employment highly attractive in comparison to the private sector. A median individual State employee will pay just \$755.56 annually for platinum level health insurance, while as the employer, the State of Maine contributes \$14,365 or 95% of the annual health insurance premium costs. For a median State employee and children, the employee will pay \$4,412.98 while the State contributes \$20,449 (82%) annually.

The health insurance premium cap, which is the subject of this bill, exists in statute to prevent unexpected sharp premium increases by restricting the year over year change to CPI + 3%. Comparatively, healthcare costs are rising at a much faster rate, and actual State Employee Health Plan claims costs for this plan year were forecasted at double that rate. To account for that fact, this bill proposes raising the premium cap, which was last adjusted in the 2013 biennial budget, to CPI + 10% so that it can keep pace with healthcare costs and maintain the affordable, quality health insurance coverage that State employees have come to depend on.

As Legislators, we recognize the growing burden that rising healthcare and insurance costs pose to our constituents, and on face value, allowing increased health insurance premiums is not attractive policymaking. However, premiums are only one side of the health insurance equation and holding premiums flat is only achievable through less desirable benefit reductions—increasing deductibles, provider co-pays, and prescription drug co-pays. Last year, the State Employee Health Commission, which is evenly comprised of management and labor members, was forced to make plan design changes to close the gap between projected claims expense and the premium revenues raisable under the current premium cap. Raising the premium cap as



Cameron Reny
Senator, District 13

THE MAINE SENATE
132nd Legislature

3 State House Station
Augusta, Maine 04333

proposed in the bill is necessary to provide the State Employee Health Commission with the flexibility to respond to rising healthcare costs, balanced across both premiums and coverage benefits. Failure to do so, will hamstring the Commission and erode the State Employee Health Plan as an employment benefit.

Those who follow behind me, including a representative of DAFS, will provide greater detail and may be better able to answer Committee questions. Thank you for allowing me to present this bill.

Thank you.

Cameron Reny
Senate District 13