Testimony of Jonathan French, P.E. in Support of LD 2148 An Act to Amend the Laws Governing the Health Insurance Premium Cap for State Employees

Senator Baldacci, Representative Salisbury and members of the Committee on State and Local Government, my name is Jonathan French, I live in Hallowell and am employed as a Transportation Engineer III for the Maine Department of Transportation. I also currently serve as the labor co-chair of the State Employee Health Commission, representing the Executive Branch's Supervisory Bargaining Unit of the Maine Service Employees Association, SEIU Local 1989. Today I am here on my own time, and on behalf of the other labor members of the Commission, to testify strongly in favor of LD 2148, because the current premium cap has become a significant barrier to delivering an affordable health plan for state employees and retirees.

To provide some background of my experience, I have served on the Commission since 2016, and have been a member of the Plan Design subcommittee, which develops the benefit design of all the health plans under the Commission's responsibility, since I started. I've also co-chaired both the Commission and this subcommittee since 2019.

In addition, I have also been a state employee for almost 28 years and was a dependent member of the state employee health plan under my father since I was born in 1979 until I started work for the state full-time in 2002. I am quite familiar with the plan benefits both past and present that the Commission has been able to offer to plan members.

This past fiscal year, the state employee health plan faced a double digit renewal increase (11.9%) for the first time since I had been a member of the Commission. The Consumer Price Index for All Urban Consumers (CPI-U) + 3% premium cap had also dropped to 6.0% in 2025, which meant that the Commission would need to significantly change benefit design to account for that difference in the cap and the renewal rate. To make up for that difference while maintaining the same coverage, it was necessary to increase out-of-pocket costs to members, including higher deductibles, coinsurance, co-pays, out-of-pocket maximums, and increasing prescription drug co-pays for the first time in over a decade. We made changes across the whole plan because we had to in order to match the available funding, but we were at least able to avoid having the plan see a single member deductible of $1000 or more.

Now, prior to this upcoming fiscal year, once again the Commission is apparently facing another double digit renewal (last known to be 12.3%) based on the last actuarial calculations that were provided. Unfortunately due to the premium cap, the Commission has even less to work with than in 2025 as the CPI-U + 3% is now expected to be only 5.7%. This means that we will once again likely need to impact member cost share across plan design and could be in danger of implementing an out-of-pocket member cost that is no longer affordable for the compensation package that is offered to state employees, and especially for retirees.

As labor members of the Commission, we believe the state employee health plan must be affordable in order for its members to utilize it. Personally, the plan was a major reason that I wanted to work for the state, as I saw the benefits it provided for my father and the rest of my family at an affordable cost. However, if we continue to erode benefits and increase member cost share and reduce options for care due to a lack of available funding, our plan will likely lose its appeal as a retention and recruitment tool, because it will no longer be as affordable and accessible as some of the other plans in the public and private sector. In addition, members could choose not to access the plan as often to address health care issues, which would be a detriment to the health of our overall member population and the state workforce.

Although a 3% to 10% increase in the premium cap may seem to be a significant burden for state employees to pay, it's important to note that state employees will pay 0% to 15% of this increase (depending on income brackets and completion of the health premium credit requirements) with the state picking up the remainder. Also, all these increased amounts will be known in advance, and come out of the employee's compensation as a pre-tax deduction compared to having to suddenly pay a bill of significant cost from a provider when money may not be available to do so. Labor members would much prefer to see higher premiums than significant increases to out-of-pocket costs if given the choice, but we also understand the need to have a balance between the premium and out-of-pocket costs for the plan. The Commission would at least have the option of a premium increase above CPI-U + 3%, which it will not have had in the current and next plan design years.

The State of Maine has historically had an affordable and robust health insurance plan as a benefit for its employees, but is in danger of losing that status. LD 2148 will provide the State Employee Health Commission with more flexibility to keep the plan as an effective retention and recruitment tool and to continue to effectively provide affordable and quality health care benefits for its members. It is for these reasons, I and the other labor members of the Commission strongly urge the Committee to vote "ought to pass" for this bill.