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Testimony Neither For Nor Against L.D. 2208

An Act to Offset Federal Cuts to Health Insurance for Certain Maine Families and Seniors

February 26, 2026

Senator Bailey, Representative Mathieson, and Members of the Joint Standing Committee on Health Coverage, Insurance, and Financial Services:

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 many of the Mainers who receive coverage through an employer plan or the individual market. Our mission is to improve health by promoting affordable, safe, and coordinated health care.

I am also a member of the MGARA Board but speak today on behalf of MeAHP.

The Maine Association of Health Plans supports using general fund dollars on an on-going basis to increase the value and stability of the Maine Guaranteed Access Reinsurance Association (MGARA) program. Nevertheless, we appear Neither for Nor Against the sponsor's amendment because of the one-time nature of the proposed \$80 million in funding.

We also believe the bill could be improved and provide premium relief to nearly every Mainer with private health insurance by eliminating the \$4 per member per month (PMPM) assessment.

On-going General Fund Support Needed

The Bureau of Insurance analysis of the MGARA program looked at the funding sources used by 16 states with 1332 waivers for reinsurance programs. Eight of these states use general fund dollars, some in combination with other resources, to fund their programs.¹

Given the escalating cost of health care in Maine and the resulting increases in health insurance premiums, the use of on-going general fund dollars is needed to support MGARA and provide relief to individuals and employers participating in Maine's merged individual and small group market.

¹ <https://www.maine.gov/pfr/insurance/sites/maine.gov.pfr.insurance/files/inline-files/FINAL%20-%20Wakely%20MGARA%20Analysis%20Report%20%28012026%29.pdf> p. 32-34

Funding Instability Increases Pressure to Impose Higher Assessments

The one-time funding proposed by L.D. 2028 would provide welcome individual and small group market premium relief in 2027 but create uncertainty and premium instability in future years. The loss of the one-time general fund support in the 2028 plan year and beyond would result in a significant premium increase in 2028, adding to the pressure to increase the current \$4 PMPM assessment on nearly all the 725,000 Mainers with individual market and employer-sponsored health insurance in Maine.

Higher broad-based assessments on employer-sponsored coverage drive up employee benefit costs, reducing the overall affordability of health care for workers and their families and placing additional financial strain on employers forced to cover the rising mandated cost.

To that end, we urge the Committee to amend L.D. 2208 to make the \$80 million funding on-going in support of the MGARA program in Section 4.

Repeal the \$4PMPM Assessment for \$28 Million in Premium Savings

The \$4 PMPM MGARA assessment costs nearly every Mainer with private health insurance \$48 per year in additional premium to provide reinsurance for the small percentage of those insured in the state's merged individual and small group market.

Making the \$80 million proposed in L.D. 2208 permanent would provide nearly three times the \$28 million in program revenue MGARA anticipates collecting from the \$4 PMPM assessment in 2026.

We urge the Committee to provide premium relief to nearly everyone with private insurance by also amending L.D. 2208 to eliminate the \$4 PMPM assessment.

MGARA's Long-Term Value and Sustainability

The Committee's June 10, 2025, letter to the Bureau of Insurance asked that a stakeholder group be convened to discuss MGARA's long-term value and sustainability and other issues related to Maine's merged individual and small group health insurance market.²

We appreciate the Bureau's work and understand the time limitations that resulted in a focus on funding scenarios in the report shared at the start of the session.

If the Committee advances this bill without making the general fund support permanent, we believe it should instruct the Bureau of Insurance to work with stakeholders to fully assess the policy and structural changes that could be pursued to ensure MGARA's long-term value and sustainability and report back at the start of the 133rd Legislature.

Thank you for consideration.

² <https://www.maine.gov/pfr/insurance/sites/maine.gov.pfr.insurance/files/inline-files/Letter%20from%20HCIFS.pdf>