

*132nd Legislature*  
**Senate**  
**of Maine**  
*Senate District 31*

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*Testimony of Senator Donna Bailey introducing*  
**LD 378, An Act to Strengthen the Health Care System in Maine**  
*Before the Joint Standing Committee on Health Coverage, Insurance, and Financial Services*  
*Thursday, March 12, 2026*

Representative Mathieson and fellow Colleagues on the Health Coverage, Insurance, and Financial Services Committee. As you know, I am Senator Donna Bailey, and I represent Senate District 31, which includes Buxton, Old Orchard Beach, and Saco. Today, I am pleased to introduce my bill LD 378, “**An Act to Strengthen the Health Care System in Maine.**”

As amended, LD 378 proposes a technical amendment to LD 1906, a bill enacted last year to ensure that Maine employers are able to obtain meaningful audit rights in their contracts with third party administrators (TPAs) and pharmacy benefit managers (PBMs). The law also prohibits TPAs and PBMs from including restrictive audit provisions in contracts with employers.

As we heard during committee consideration of LD 1906, audits are a critical tool for Maine employers to effectively monitor the millions of dollars they spend annually on healthcare coverage, and to reduce erroneous payments that come out of the pockets not just of Maine businesses, but also their employees and families. In fact, they have a fiduciary duty to ensure plan dollars are spent prudently.

Unfortunately, it has come to my attention that employers attempting to exercise these new audit rights have encountered a technical issue related to the definition of “administrator” in Maine statute. Under current law, certain TPAs that are licensed by the Bureau of Insurance as insurance companies consider themselves exempt from that definition, and therefore from the requirements of LD 1906. Because many self-insured employers in Maine work with TPAs that are also licensed insurers, this interpretation has effectively prevented those employers from accessing the audit rights the Legislature intended to provide.

LD 378 addresses this issue by clarifying that, for purposes of the audit provisions established by LD 1906, the term “administrator” includes any entity that, on behalf of a plan sponsor, collects charges or premiums or adjusts or settles health benefit claims for Maine residents— notwithstanding the statute that exempts TPAs that are licensed by the BOI from the definition of “Administrator.” This clarification applies only in the context of the audit requirements

established by LD 1906. The bill also clarifies the definition of “plan sponsor,” specifying that only fully insured plan sponsors are not covered by the law.

I appreciate the Committee’s willingness to consider this technical correction. Many employers are currently negotiating or renewing contracts with TPAs and PBMs and had planned to include these audit rights following enactment of LD 1906. Thus, the bill has an emergency preamble.

I have kept my remarks brief today, as others testifying after me will provide additional information on both the technical issue and the broader importance of the audit rights established by LD 1906.

I thank the Committee for its time, and I would be happy to answer any questions.



**Donna Bailey**

State Senator, Senate District 31

*Buxton, Old Orchard Beach, and Saco*