



February 25, 2021

To: Sen. Heather Sanborn and Rep. Denise Tepler, co-chairs
Members, Committee on Health Coverage, Insurance & Financial Services

From: David R. Clough – Maine State Director

Re: LD 352 -- An Act To Maintain the Integrity of the Individual and Small Group Health Insurance Markets

This statement is on behalf of the nearly 3,000 small business owners in Maine who are members of the National Federation of Independent Business. NFIB has members in every Senate district and in 150 House districts. Member businesses collectively span a wide range of economic activities.

NFIB is taking a Neither For Nor Against position at this time, consistent with the NFIB stance on LD 2007 in 2020, and urges that LD 352 be used as a vehicle for delaying the merged markets for a year and designing a process for reversing a merger if actual experience shows that small employer are made worse off than they would be in an unmerged market. Current law provides no safeguard for small employers after the Superintendent of Insurance gives insurers the green light to proceed with merging the two markets. There currently is no failsafe or self-executing escape from unforeseen or undesirable adverse consequences once the merged market trigger is pulled.

Governor Mills has said on numerous occasions that she is keenly interested in helping the distressed small group market. Superintendent Eric Cioppa has amply documented the steadily declining enrollment in the small group market. Annual rate filings with the Bureau of Insurance show that small group rates are increasing faster than individual rates.

NFIB supports the Governor's intent to do no harm to small employers and to find a way that their health insurance situation can be made better. However, a potential one-time premium savings of 3.0% to 3.8% is very low, and we don't know if all small employers in all of the four geographic rating areas will benefit equally and that none will experience an unintended consequence.

We hope Committee members will agree that small employers deserve more due diligence on the part of legislators and regulators as to the efficacy of the proposed merger, and that small employers deserve a way to escape adverse consequences, a path back to separate individual and small group markets. Even if actuarial studies can show with a very high degree of confidence that all or nearly all small employers would be better served in a merged market, we know that modeling can differ from the complexities of actual decision making and that reality can behave differently from predictions. (Note that Gorman Actuarial report uses "best estimate" assumptions to model "projected" results.)

Use LD 352 as a vehicle to give small employers greater assurance and greater protection. Without these changes, three wishes and a prayer may not be enough to put the merged market Genie back into a bottle if actual experience proves the idea was a mistake.

Thank you.