



Testimony in Support of
LD 352 An Act To Maintain the Integrity of the
Individual and Small Group Health Insurance Markets

As Maine's only nonprofit CO-OP health insurance company, we exist for the benefit of our members and our mission which is to provide affordable, high quality benefits that promote health and wellbeing.

Simply put, this bill would repeal the authorization to implement a merged market for individual and small group health insurance in Maine because the preconditions that the Legislature adopted last year have not been met. However, if the Committee is not prepared to repeal these provisions at this point, we strongly urge the Committee to recognize, at the very least, that more time is necessary to explore the impacts of such a merger on premiums in both markets and to allow sufficient time to plan for implementing this merger if it eventually meets the preconditions.

Just one year ago, March 5, 2020, this Committee adopted LD 2007 as amended including the following language:

5. Preconditions for pooled market. This section may not be implemented unless routine technical rules as defined in [Title 5, chapter 375, subchapter 2-A](#) are adopted to implement this section and the Federal Government approves a state innovation waiver amendment that extends reinsurance under [section 3953](#) to the pooled market established pursuant to this section based on projections by the superintendent that *both average individual premium rates and average small group premium rates would be the same or lower than they would have been absent the provisions of this section*. If this section is not implemented, the superintendent shall conduct an analysis of alternative proposals to improve the stability and affordability of the small group market. [emphasis added]

24-A MRSA § 2792(5)

These preconditions have not been met.

1. Routine technical rules have not yet been proposed;
2. The state innovation waiver amendment has not yet been submitted; and
3. Both actuarial analyses¹ that have been completed found that individual premium rates would increase. Although there are substantial differences in some of the findings and assumptions in these analyses, neither of them makes the required projection that both markets experience reductions or a neutral impact.

¹ Gorman Actuarial, Inc. for the Maine Bureau of Insurance (BOI) and Milliman conducted for the Maine Guarantee Access Reinsurance Association (MGARA). Both Reports available at https://www.maine.gov/pfr/insurance/legal/notices/maine_health_ins_pooled_market_option.html



Health plans are required to develop their plans and rates now for the 2022 plan year. We are required by existing state regulatory deadlines to finalize and submit these plans and rates for review in June. This requires detailed actuarial analysis to prove rate sufficiency that accommodates anticipated market condition changes or risks. Given the requisite timeframes alone, it is increasingly risky to rush an implementation of such a significant change in market dynamics.

MGARA's future is also at risk. MGARA has warned of the risk to the effectiveness of the reinsurance program and of the risk to not being able to continue providing the same level of benefit that exists now. If merging these markets disrupts their funding significantly, they would be forced to raise funds to continue the program.

We are supportive of efforts to make health insurance coverage more accessible and agree with the goals to reduce premiums and increase stability for all markets. However, the risks entailed outweigh the anticipated one-time premium reduction for the small group market. Instead, other solutions should be vetted that do not threaten the viability of the individual market. We urge the Committee to either repeal, or at least, delay, the effective date out to Plan year 2023. We appreciate the opportunity to share these comments.