



April 21, 2021

Honorable Heather Sanborn, Senate Chair
Honorable Denise Tepler, House Chair
Joint Standing Committee on Health Coverage, Insurance and Financial Services
100 State House Station
Augusta, Maine 04333-0100

Re: L.D. 1150, “An Act To Eliminate Insurance Rating Based on Age, Geographic Location or Smoking History and To Reduce Rate Variability Due to Group Size”

Dear Senator Sanborn, Representative Tepler, and Members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services:

On behalf of Anthem Blue Cross and Blue Shield, I would like to submit the following comments in opposition to *L.D. 1150, “An Act To Eliminate Insurance Rating Based on Age, Geographic Location or Smoking History and To Reduce Rate Variability Due to Group Size.”*

Although well intended, we have several concerns with the bill and urge the Committee to bear I mind the unintended consequences.

- L.D. 1150 is inconsistent with the provisions of the Affordable Care Act, which expressly permits modified community rating based on age, geography, tobacco use, and family size.
- Maine maintained conformity with the federal age rating bands last session with the passage of L.D. 1 in the 129th Legislature (P.L. 2019, c. 5), which limits the age rating bands in the individual and small group markets to 3:1.¹
- Group size rating in the small group market is not permitted under the Affordable Care Act. Only grandfathered plans (to the extent there are any remaining) may be subject to group size rating, and the ability to use group size as a rating factor is extremely limited, given that it is in a combined rating band with age and age is the most determinative factor.
- Moving to strict community rating will increase rates for younger enrollees and for those living in more urban areas of the State. If these individuals leave the individual and small group markets, they will decrease in size, resulting in higher premiums as the claims costs are spread over a smaller pool.

We would also note that strict community rating is something that Maine has experimented with in the past and abandoned because of the unintended consequences.

¹ 24-A M.R.S. §§ 2736-C(2)(D)(9) and 2808-B(2)(D)(8).

When Maine implemented community rating in the early 1990s, long before the passage of the Affordable Care Act, the intent was to move to strict community rating meaning, in essence, that rates cannot vary for any reason—everyone pays the same rate. This was to be phased in over a period of several years, with the rating bands contracting over time. However, this resulted in an increase in premiums for younger, healthier individuals and they quickly began to drop coverage, resulting in a smaller and sicker pool, with the claim costs spread over a smaller and smaller pool. Maine’s individual market soon entered a death spiral, as evidenced by a White Paper issue by the Bureau of Insurance in 2001.²

If the Committee is interested in moving forward with this Legislation, reductions in the rating bands should be phased in over time in order to avoid significant rate shock to the individual and small group markets.

Thank you for the opportunity to share these comments. I would be happy to answer any questions you may have.

Sincerely,



Kristine M. Ossenfort, Esq.
Senior Director, Government Relations

² White Paper: Maine’s Individual Health Insurance Market, Maine Bureau of Insurance, updated January 22, 2001

Kristine Ossenfort
Anthem Blue Cross and Blue Shield

My apologies for the delay in submitting--I had difficulty uploading the file.