

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

The American Heart Association (AHA) is the nation's oldest and largest voluntary organization dedicated to fighting heart disease and stroke, whose mission is to be a relentless force for a world of longer, healthier lives. We are writing in support of LD 1150 *"An Act To Eliminate Insurance Rating Based on Age, Geographic Location or Smoking History and To Reduce Rate Variability Due to Group Size"*.

Maine and federal law allow health insurers to charge up to 50 percent more than standard rates for people who use tobacco (a ratio of 1.5 to 1).¹ States can impose stricter standards and could choose to disallow tobacco rating entirely or limit the tobacco-rating factor to lesser amounts. Ten states and Washington, DC have passed legislation or imposed regulations eliminating or limiting the tobacco rating in their individual and/or small group health insurance market.² These states include California, Vermont, Rhode Island, Massachusetts, New Jersey, Arkansas, New York, North Carolina and Colorado. Charging tobacco users higher health insurance premiums is not proven to reduce smoking. In fact, it likely results in reduced access to health care for those who need it most, including low-income tobacco users who are more likely to have serious health problems from smoking. Because they cannot afford the potentially thousands of dollars in extra premiums, they likely remain uninsured and lose access to treatment to stop smoking or help them with the variety of smoking-related health conditions. Since 95% of smokers started before the age of 21, this is a costly price to pay for an addiction that began in childhood. In addition, when these smokers need health care, they will likely end up in the emergency room and the costs of their care are more likely to be shifted to taxpayers and those with health insurance coverage. With health insurance coverage, smokers are more likely to quit and will at least pay a portion of their care themselves. Thus, it is better for the individual and the health care system overall for smokers to have affordable access to health coverage. In terms of tobacco prevention and control efforts, instead of raising insurance rates for tobacco users, Maine will see greater public health and economic benefits by raising tobacco excise taxes, protecting, and closing loopholes in our strong smoke-free laws and adequately funding state prevention and cessation programs.

In terms of geography and age as rating factors, it is important to consider that the risk of being diagnosed with cardiovascular disease increases with age and heart and stroke rates can be higher in rural areas. Thus, insurance rating factors such as age, geography and tobacco status can all serve in some way as proxies for health status. Higher insurance premiums for those who are older and living in geographic areas with higher health costs and health conditions, can lead to more people who are most in need of medical care being priced out of the market. This can lead to a greater

percentage of older adults and those living in rural areas without health insurance. It is important to consider how these rating factors interact. Health coverage policy decisions should consider affordability for those who are most likely to need health coverage in the first place. AHA support proposals to limit health insurance premium variation based on age and geographic area. We ask you to vote "ought to pass" on LD 1150. I would be happy to answer any questions you have about this testimony.

Sincerely

Allyson Perron Drag

American Heart Association/ Stroke Association

Government Relations Director

References

1 Maine law: Title 24-A, §2736-C and §2808-B; Federal law: 45 C.F.R. § 147.102(a)(1)(iv); Final Rule: Patient Protection and Affordable Care Act; Health Insurance Market Rules; Rate Review, 78 Fed. Reg. 13405 (Feb. 27, 2013), available at <https://www.federalregister.gov/articles/2013/02/27/2013-04335/patient-protection-andaffordable-care-act-healthinsurance-market-rules-rate-review>

2 U.S. Centers for Medicare and Medicaid Services, The Center for Consumer Information & Insurance Oversight, Market Rating Reforms: State Specific Rating Variations, Updated June 2, 2017, <http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/state-rating.html>