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**TESTIMONY OF ERIC A. CIOPPA
SUPERINTENDENT OF INSURANCE
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DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION
Neither For Nor Against L.D. 1331**

**“An Act To Make Individual and Small Group Health Insurance
More Affordable in Certain High-premium Counties”**

Presented by Senator Stewart

**Before the Joint Standing Committee on Health Coverage,
Insurance & Financial Services**

April 14, 2021 at 11:00 a.m.

Senator Sanborn, Representative Tepler, and members of the Committee, I am Superintendent of Insurance Eric Cioppa. I am here to speak neither for nor against L.D. 1331.

This bill reduces the maximum rating factor for geographic area that may be used by carriers to determine individual and small group health insurance premiums to 1.35 for plan year 2023 and to 1.25 for plan year 2024 and thereafter. Under current law, the maximum rating factor for a geographic area is 1.5. The bill also requires the Superintendent of Insurance to report on the difference in



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premiums by geographic rating areas to the Health Coverage, Insurance, and Financial Services Committee for plan years 2022, 2023, and 2024.

Currently for 2021 individual rates, geographic rating factors range from a low of 0.89 in Area 1 (the southern part of the state) to a high of 1.325 in Area 4 (the northern part of the state). 2021 group rates share similar ranges, from a low of 0.862 in Area 1 to a high of 1.325 in Area 4. Limiting the geographic factors in an area with higher cost claims experience will increase the premiums in the lower cost areas. It will not lower premiums for the whole block of business.

The Bureau of Insurance studied geographic rating areas in October 2012 and the report can be found publicly on the Bureau of Insurance website under Archived Legislative reports. I have included a copy of this report with my testimony.

I would also like to mention to the Committee that Maine has applied for a federal State Flexibility Grant. Some of the money would be allocated to studying Maine's geographic rating. We are awaiting the award announcement by CMS due this month.

I hope this information is useful to the Committee. I would be happy to answer any questions now or at the work session. Thank you.