



Testimony Neither for Nor Against

LD 1331, An Act To Make Individual and Small Group Health Insurance More Affordable in Certain High-premium Counties

**Presented by Kimberly Cook
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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.

Geographic rating, along with age, tobacco use, family size, and the plan selected by enrollees are the factors used by health insurance carriers to determine the premium rate charged for plans offered on the individual and small group markets. Geographic rating allows for premiums to reflect the significant differences in healthcare costs present in each of Maine's four rating areas.

The cost of health care services is higher in some areas, particularly the more rural areas, than in other parts of the state. This bill would reduce the premiums charged to people enrolled in individual and small group coverage in the rating areas where healthcare costs are higher, but it would do so at the expense of those residing in lower cost rating areas. For purposes of the Affordable Care Act, Rating area 1 is comprised of Cumberland, Sagadahoc, and York counties and individuals living in those counties enrolled in our individual and small group health insurance, would necessarily see an increase in their monthly premiums to provide a subsidy to those residing in more rural areas. This bill does not reduce costs, it merely shifts them from one population in Maine to another.

The passage of the American Rescue Plan Act at the federal level has created new opportunities for individuals to obtain coverage at a lower cost through the Health Insurance Marketplace. In addition to an ongoing Special Enrollment Period allowing individuals to enroll in new coverage or change plans, the American Rescue Plan Act offers the following benefits to Marketplace enrollees:

- Lower premiums for people with income under 400% of the federal poverty line (FPL) through increased Advance Premium Tax Credit (APTC) payments from the federal government
- New APTC eligibility for people with income above 400% of the FPL. In 2021 and 2022, the maximum any enrollee will pay for a benchmark plan is 8.5% of their income.
- Additional premium assistance for people who are unemployed. When determining APTC eligibility, the Marketplace will consider people who receive unemployment benefits at any point in 2021 to have income at 133 percent of FPL, regardless of their actual annual income. This means they will be eligible for a 0-premium benchmark plan, after APTC, and for reduced cost-sharing. This applied only to 2021 coverage.

We believe that this limited duration program will temporarily lower premiums for all Mainers enrolled through the Marketplace, regardless of where in the state they live.

We would urge the Committee to weigh this cost shift carefully. We believe the better approach is to focus on efforts to reign in healthcare costs and lower premiums for everyone.