



**MAINE ASSOCIATION  
OF  
HEALTH PLANS**

**Testimony of Katherine Pelletreau  
to the Joint Standing Committee on Health Coverage, Insurance and Financial  
Services**

**Neither For Nor Against**

**LD 1331 An Act to Make Individual and Small Group Health Insurance More  
Affordable in Certain High Premium Counties**

**April 14th, 2021**

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

My name is Katherine Pelletreau and I am the Executive Director of the Maine Association of Health Plans (MeAHP). MeAHP has five members including Aetna, Anthem Blue Cross and Blue Shield, Cigna, Community Health Options and Harvard Pilgrim Health Care. Collectively, MeAHP's members provide or administer health insurance coverage to over 600,000 Maine people. The organization's mission is to improve the health of Maine people by promoting affordable, safe and coordinated healthcare.

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This bill reduces geographic rating factors for health insurance incrementally from 1.5 to 1.25 over a three-year period and requires reporting on the premium results of the changes by the Superintendent of Insurance.

In Maine as elsewhere, the cost of health care tends to be higher for a variety of reasons in less populated and rural locations. One major factor is fewer providers.

The use of geographic rating factors ensures that health insurance premiums reflect, at least to some degree, the underlying costs in different geographic rating areas. This ensures that purchasers pay closer to the real cost of services where they are located.

Insurers are permitted to use rating factors on age, tobacco use, and geography. This bill addresses only geography. Maine permits carriers to apply a geographic rating factor of 1.5.

This bill does nothing to decrease the underlying cost of care or to address high health care costs. It uses changes in geographic rating factors to lower costs for some and raise them for others. Reductions in the rating bands will shift the higher costs paid by those in northern and rural Maine to those in more urban, usually southern, areas.

As premiums become higher, people drop coverage, and over time this dynamic leads to a smaller and sicker insurance pool. Which in turn raises costs further.

We suggest Maine continue to use its established rating regulations while continuing to look at more ways to bring down the underlying costs of health care that drive premiums.

Thank you for your consideration of these comments.