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**Testimony of Senator Harold “Trey” Stewart
Presenting L.D. 1331, An Act to Make Individual and Small Group Health Insurance More
Affordable in Certain High-premium Counties
Before the Health Coverage, Insurance and Financial Services Committee
April 14, 2021**

Senator Sanborn, Representative Tepler and members of the Health Coverage, Insurance and Financial Services Committee: I am State Senator Trey Stewart and I have the distinction of representing 51 communities in Aroostook and Penobscot Counties. I am before you today to present L.D. 1331, An Act to Make Individual and Small Group Health Insurance More Affordable in Certain High-premium Counties.

When it comes to the pricing of individual and small group health coverage policies, Maine is split into four different geographic rating areas and current law permits rates to differ by 50% based on the individual or small employer’s location. This means that someone living in Aroostook, Washington or Hancock County who is the same age and health condition as someone in Cumberland, York or Sagadahoc County could be paying 29.8 to 47.6% more in premiums.

From a public policy perspective, it makes sense that we would take age, smoking status, and other health related issues into consideration when determining rates. However, rate disparity based on geography simply doesn’t make sense. Additionally, the four geographic lines seem arbitrary as someone living in Bucksport (Hancock County) is paying higher premiums than someone in Orrington (Penobscot County), even though they use the same hospital and doctor. This is also the case between those living in Island Falls (Aroostook County) and individuals in Medway (Penobscot County). The percentage difference we see between the two in some cases translates to thousands of dollars per year for the same coverage.

Another point worth noting is that the population in Area 4 is only 11.4% of Maine’s entire population. The Area 3 population of people younger than 65 is only 9.2% of Maine’s entire population of people 65 years of age and younger. A higher percentage of people on Medicare or MaineCare will result in more cost shifting to private insurance because the government programs reimburse providers at a lower rate.

The legislation before you will reduce the geographic rating factor from a maximum of 1.5 to 1.35 in the year 2023 and to 1.25 in 2024 and subsequent years. This also directs the Superintendent of Insurance to report on how these changes are impacting the insurance markets. The disparity based on geography is glaring and I believe as we seek ways to make healthcare

more accessible and affordable reducing the premium gap will help us to better serve all Mainers.

With the disproportionately higher price for some of the poorest regions in our state, we are promulgating the problem of inequality in these areas that exist between their more urban counterparts. This is one place where we can directly point to state government's policies making life harder in rural parts of the state and doing so to the benefit of regions like Portland. This glaring inequality in our laws should be reversed if we are to ever restore confidence in the notion that we are, together, one state instead of two. Contrary to what some might believe, the cost of living in rural Maine is often more expensive than living in urban centers. This is true in terms of energy costs, education costs, property tax values, and indeed insurance costs. If we want people to live and work in rural Maine and not just in the urban or coastal areas, we need to ensure that we aren't putting up barriers to their success in living there. This bill seeks to address that problem and bring us a little closer to parity between rural and urban Maine communities and will help to restore confidence that we are stronger together as one.

I thank you for your time and consideration and I am happy to address any questions.