



**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 749 An Act to Establish a Council on Health Systems Development

April 21st, 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.

Health Plans are supportive of efforts to understand the underlying cost drivers of health care and health insurance and the complex healthcare dynamics in Maine. For policy makers to act in ways that help contain and restrain health care costs and improve quality outcomes, a deeper dive into the data of the various stakeholders will be helpful.

We caution against duplication of effort between the Maine Quality Forum, Maine Health Data Organization, any Office of Affordable Health Care that may be established, and this new entity. We urge the Committee to avoid duplication of efforts and ensure that new data requests are kept to a minimum.

The charge outlined is broad and suggests several specific avenues of inquiry.

We are supportive of many of these, especially:

- looking deeply at cost drivers and the key components of the total cost of health care;
- cost shifting between public and private payors as well as uncompensated care;

- geographic distribution and regional variation in cost and quality of services; and
- growth in utilization of health care services.

Administrative costs are more complex than sometimes gets presented and it is important that any review take into consideration the differences in what is categorized as administrative expense for different payors. For example:

- Medicare serves a population that is older and sicker and therefore claims costs are high making the relative percentage spent on administrative costs appear low.
- Medicare uses enrollment and payment systems developed and maintained by the Social Security Administration (to get a full picture, these costs must be included)
- Private carriers work to control costs in ways that public payors do not, including building networks, negotiating rates with providers, and tightly reviewing claims for quality and cost effectiveness. These efforts, when done well, reduce overall costs.

We caution against seeking new data and urge that this work be done as much as possible with existing data sources. This is especially important as the health plans currently utilize a significant portion of resources to provide required data to existing entities. Requiring additional data from the plans has implications from a resource perspective and we request that anything beyond the existing sources be considered carefully and deliberately before imposing additional requirements on the plans. For example, the bill calls for health expenditure reports from both public and private purchasers much of which is already available through the MHDO all payer claims data. We would note that carriers already pay fees to support MHDO operations as well as incur the cost of providing claims data. Any new costs to the Plans will ultimately be supported through premiums and become part of the overall cost of healthcare.

Like the proposal in LD 120 for an Office of Affordable Health Care, the value of the undertaking is seen in greater understanding of the underlying forces driving health care costs in the state. In Massachusetts, this type of effort has enabled more informed policy making as well as materially reduced the rate of increase in costs.

Overall, this is a very significant undertaking that, with appropriate funding and resources, has good potential to help Maine people achieve better health, better care and better value.

Thank you for your consideration of these comments.