

LD 1463, An Act To Make Health Care Coverage More Affordable for Working Families and Small Businesses

SUMMARY:

This bill:

1. Establishes the Maine Health Care Affordability Fund to fund activities and initiatives to reduce the cost of health insurance coverage for Maine residents;
2. Requires the Commissioner of Health and Human Services to adopt rules for the administration of the Maine Health Care Affordability Fund and for the disbursement of funds from the fund to assist Maine residents with the cost of health care coverage;
3. Establishes the health care affordability assessment to provide funding to the Maine Health Care Affordability Fund and requires the Superintendent of Insurance within the Department of Professional and Financial Regulation to adopt rules for the administration and enforcement of the health care affordability assessment;
4. Requires state agencies to provide technical assistance to the commissioner and the superintendent for the administration of the Maine Health Care Affordability Fund or the health care affordability assessment upon request;
5. Establishes the Affordable Health Care Advisory Group, which consists of the commissioner, the superintendent and 11 additional members appointed by the President of the Senate, the Speaker of the House of Representatives and the Governor, to consult on the development of rules to implement and administer the Maine Health Care Affordability Fund and the health care affordability assessment; and

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SUMMARY (cont'd)

6. Requires the commissioner to submit an annual report to the Governor and the joint standing committee of the Legislature having jurisdiction over health insurance matters describing activities and initiatives funded by the Maine Health Care Affordability Fund to increase the affordability of health insurance for Maine residents and summarizing the findings and recommendations of the Affordable Health Care Advisory Group by February 1st. The commissioner is also required to make the report publicly available online.

TESTIMONY: Written testimony can be found at this [link](#)

ISSUES FOR CONSIDERATION:

1. Proponents of bill testified that funds from the assessment will be used to provide financial assistance to those affected by the “family glitch” and who do not qualify for marketplace subsidies. The “family glitch” is the term used to describe a provision in the federal Affordable Care Act that an employee whose contribution for self-only coverage is less than 9.83% of household income is deemed to have an affordable offer, which means that the employee and his or her family members are ineligible for financial assistance on the Marketplace, even if the cost of adding dependents to the employer-sponsored plan would far exceed 9.83% of the family’s income. According to [Kaiser Family Foundation analysis](#), an estimated 34,000 Mainers are subject to “family glitch.”

2. Consider whether the state should address this issue or if it should be addressed at the federal level? Biden administration has issued an executive order directing consideration of administrative action to address affordability.

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ISSUES FOR CONSIDERATION (cont'd):

3. As drafted, the bill would require health insurance carriers to pay health care affordability assessment at same rate as a now discontinued federal assessment. Consider the extent to which this assessment may or may not be reflected in current premiums and in future premiums? The committee requested information from the Bureau of Insurance about how assessment may be reflected in rates.
4. Estimates provided at hearing on total amount to be provided from health affordability assessment ranged from approx. \$35 million (proponents) to \$53 million (opponents). Also noted that assessment must be paid by dental, vision and Medicare Advantage carriers as well as health carriers.
5. Concerns expressed about potential increase in premium costs if assessment required? Specific concerns also raised about impact on Martin's Point, which operates a Medicare Advantage plan, and on multiple-employer welfare arrangements, which are a form of self-insured plan regulated under State law.
6. Consider how this proposal relates to recent announced Mills Administration plan to provide financial assistance to small group health insurance market? Consider potential impact on proposal being considered to merge individual and small group markets?
7. Several technical issues to consider if committee moves forward. As drafted, legislation is allocated to Title 24-A, the Insurance Code, yet language states that this is a program of DHHS overseen by Commissioner. Language also lacks specific timeline for year in which assessment must be first paid and reporting required (implied to be 2022, but not clear) and has specific timeline for adoption of rules by DHHS, but not BOI.

FISCAL INFORMATION:

Not yet determined