

Good morning Senator Sanborn, Representative Tepler and members of the Health Coverage, Insurance and Financial Services Committee. My name is Lynn Cheney and I live in Blue Hill. I support LD1045: The Maine Health Care Act.

Before retiring to Maine, I ran a small broadcast equipment manufacturing company in Massachusetts. I was bothered by the rising costs of employee health care benefits and resented the time taken away from my business to negotiate insurance coverage. However, in my mind, COVID-19 has provided the ultimate reason why health care should not be tied to employment.

I have been a volunteer ACA navigator in Maine for the past 8 years. There is a lot of good in the ACA, but it does not control costs. Premiums, co-pays, deductibles for policy holders have risen dramatically. Today, a typical ACA policy has \$6,000 to \$8,000 in annual out-of-pocket exposure (after paying the premiums), leaving people underinsured and reluctant to seek medical care when they need it.

Perversely, an ACA provision, the Medical Loss Ratio (MLR) actually provides an incentive to increase healthcare costs. The MLR requires insurance companies to spend 80% or 85%¹ of their premium dollars on medical care. Since the MLR limits the operating and profit margin, the primary method of increasing the dollar amount in this margin is to increase the cost of healthcare delivered. For instance, if a hospital and insurance company negotiate \$50,000 for knee replacement surgery, then the insurance company can keep \$10,000 (individual/small group policy) for admin/profit. If they negotiate \$30,000, then they only keep \$6,000. Both the hospital and insurance company benefit from the higher price tag.

In the last weeks you have heard testimony for dozens bills targeting specific areas of concern in our fragmented health care system. These may be worthy measures, but they will have little meaningful impact on the overall cost of health care in Maine and will simply postpone a real solution.

There is no apparent appetite in Washington for reform that provides needed cost controls. This is likely because the health sector spends huge amounts in opposing comprehensive health care reform. We have a better chance to get this job done at the state-level in Maine, where our legislators are not held in the thrall of this massive lobbying group.

LD 1045, The Maine Health Care Act, establishes a plan that provides universal, publicly funded health care, with cost constraint. Mainers cannot afford the escalating costs of health care and they deserve a comprehensive solution. Yes, they will pay more in taxes, but state-level economic studies² show they will pay less in over-all out-of-pocket expense with better, more equitable coverage.

1) The MLR specifies 80% for individual and small group and 85% for large groups.

2) [Mathematica](#) 2002; [MECEP](#) 2019

