



**TO: Senator Heather Sanborn, Chair**  
**Representative Denise Tepler, Chair**  
**Members, Joint Standing Committee on Health Coverage, Insurance and Financial Services**

**FROM: Dan Colacino, Vice President**

**DATE: May 10, 2021**

**RE: LD # 1045**

---

On behalf of the Maine Association of Health Underwriters (MaineAHU), I am pleased to have the opportunity to submit comments on the proposed bill.

MaineAHU is a state chapter of the National Association of Health Underwriters and represents licensed agents, brokers, and employee benefit consultants who sell and service individual and group health, disability, Medicare, and long-term care insurance.

We are writing in opposition to LD 1045, An Act to Support Universal Health Care.

Maine AHU and our national chapter, NAHU, both support the concept of universal access to health care. We don't feel there should be financial barriers to any Maine citizen needing health care. In the current medical care market, that means having insurance to cover the unexpected costs of a health condition. In Maine, the Kaiser Foundation estimates over 92% of residents are covered under an

insurance plan; 46% through an employer sponsored plan, 6% through the Individual Marketplace, and 40% through a government plan (Medicaid, Medicare or military plans). As most of these people have indicated that they are satisfied with their current arrangement, a more appropriate approach would be to focus on the segment that is uninsured rather than upend the entire market and take on the enormous cost of covering every citizen. Many of the uninsured are eligible for MaineCare but haven't enrolled or aren't aware of their eligibility or will be eligible for higher Tax Credits this year through the Marketplace. There doesn't seem to be a compelling reason to absorb the cost of insuring everyone which will easily double if not triple the State budget.

As a side note, we are assuming the intent of the bill is to provide insurance and not provide medical care. Section 7502.2 states that the purpose of the plan is to "...provide all medically necessary health care services for all residents of this state..." which indicates that the State may become a provider of care.

A major issue that we don't see sufficiently addressed in the bill is reimbursement to institutional and non-institutional healthcare providers. According to a CMS report in 2019, by 2021, 80% of hospitals will have negative operating margins on their Medicare business. Medicaid reimbursement in Maine is lower than Medicare. According to a recent Kaiser Family Foundation (KFF) report, employer plans pay anywhere from 1.6 to 2.5 times more than Medicare for inpatient admissions. The obvious implication of this is that private employer plans are subsidizing the lower Medicare and Medicaid reimbursements. Elimination of private plans will take away this subsidy which will negatively impact the health care providers in the State. The bill references reimbursement only in assigning it to the Board to determine a methodology. It's clear that the Board can't rely on Medicaid reimbursement since it is insufficient. As a result, any higher reimbursement level will increase the costs currently paid by MaineCare. If the Board chooses Medicare reimbursement the trend of negative operating results will continue. A

reimbursement nearer to private plans, will cause the State Medicare Advantage plan (an approach recommended by this bill) plans to lose money.

Under this Plan, the State becomes an insurer and takes on risk in different segments. First the Board sets a premium structure to be charged to income qualified residents. By doing this, the State, like any insurance carrier, takes on the risk of covering losses when the premiums are insufficient. The Bill does provide for a reserve fund but no indication of how that reserve is to be funded other than assigning the Board to adopt rules to insure against losses. Borrowing money to cover losses, as mentioned in Section 7506.5 is not an avenue of funding that should be relied on and is certainly not a sustainable approach.

Risk is also assumed in Section 7507.5 when the Bill directs the State to apply to “...operate as a Medicare Advantage Plan...”. While not a new approach to obtaining Medicare funding for the over 65 and disabled population, it also implies that the State is responsible for any costs which exceed Medicare funding. With no cost sharing in any part of the Plan, it’s obvious that the State will have to charge a premium to Medicare enrollees in order to generate sufficient premium. Many MA enrollees pay no premium for their plan other the Medicare Part B premium, which they will continue to pay under this plan with the State operating as a MA plan. If the State becomes the Medicare Advantage plan, it’s clear they will be paying a premium.

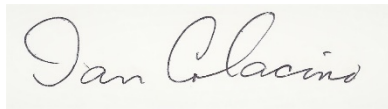
Eliminating private insurance will displace the hundreds if not thousands of employees of health insurance companies in the State. This action will, at least in the short term, result in higher costs for the State for unemployment insurance, MaineCare costs and the loss of tax revenue from employers and employees.

We would suggest a bill with a smaller scope, focusing on those with no insurance or financial help for those underinsured citizens with high deductibles. LD 1463 creates a fund to make coverage more affordable without taking on the risk, cost and difficulties of insuring every resident. Using the fund

created by LD 1463, while it provides for a slight increase in insurance cost, will provide funding to help this vulnerable population. Moving away from fee-for-service medicine towards more value based reimbursement has shown promise and is another approach that should be investigated.

We would like to thank the Committee for considering our comments and the opportunity to express our views. If you have questions, please feel free to contact me.

Respectfully,

A handwritten signature in cursive script that reads "Dan Colacino". The signature is written in dark ink on a light-colored, slightly textured background.

Dan Colacino

Vice President

Maine Association of Health Underwriters

[info@dancolacinollc.com](mailto:info@dancolacinollc.com)

518-229-8103