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Testimony in Support of LD 1463, *An Act To Make Health Care Coverage More Affordable for Working Families and Small Businesses*

Good morning Senator Sanborn, Representative Tepler, and members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services. My name is Kathy Kilrain del Rio. I use she/her pronouns and I am the Director of Campaigns and Healthcare Advocacy for Maine Equal Justice, a nonprofit legal aid provider working with low-income Mainers to increase economic security, opportunity, and equity for people in Maine. Today I am testifying in support of LD 1463.

Ensuring all Mainers can access affordable health care is a policy goal I think we all share. LD 1463 would help take us one step closer to that goal. This bill recognizes that additional support is needed for two populations that are particularly struggling with the costs of health care: people with incomes below 200% of the federal poverty level and people stuck in the “family glitch”. To provide additional support, LD 1463 creates the Maine Healthcare Affordability Fund, which will be used to provide additional assistance for individuals and families from these two vulnerable populations. It also anticipates that policy changes at the federal level could affect coverage for these populations and provides guidelines for how the fund can support other groups if the funds are not needed for one of these populations.

One of the challenges states face when seeking to provide additional financial supports to people struggling to afford coverage is cost. LD 1463 solves that problem by following the lead of other states in reinstating the Health Insurance Assessment (HIA) at the state level. The HIA was created through the Affordable Care Act to help improve affordability of coverage. It stopped being collected at the start of this year and that change resulted in a financial gift to insurance companies while everyday Mainers continue to struggle to afford health care coverage. Reinstating this recently eliminated assessment is estimated to bring \$35.5 million to Maine, which will be put into the Maine Healthcare Affordability Fund.

One use of the funds will be to provide state subsidies for people trapped by the “family glitch”¹ under the ACA. For these families, one family member has what is considered affordable coverage through their employer, but the cost to add their spouse or children is prohibitive. Unfortunately, because the employee’s coverage is considered affordable, the family can’t get federal subsidies to enroll in a Marketplace plan. So they are stuck with no affordable options. While there has been discussion of this issue being solved at the federal level, we don’t know if that will happen. It’s important that Maine take this opportunity to fix the problem for Maine families now. If at some point in the future the issue is fixed at the federal level, we can use the Fund to support other populations for whom affordability remains an issue – as outlined by the bill.

Another use of the funds will be to help reduce remaining costs for people with incomes under 200% FPL who are eligible for some federal subsidies on the Marketplace. We know that additional supports can increase enrollment for people who are still struggling to afford all their health care costs in addition to their other basic needs because we've seen it in other states like Massachusetts and with additional subsidies provided through COVID relief by the federal government. This is a common-sense option to assist more Mainers in getting coverage through the Marketplace.

The most important reason to do this is to get more people affordable health care coverage. With coverage, we will see improved health outcomes for Mainers, which reduces the cost of health care overall and also increases our productivity and quality of life – all key goals before the pandemic and even more so as we work to come out of the pandemic. In addition to these benefits, there are others.

By increasing enrollment through the Marketplace, we will improve Maine's risk-pool and increase the federal funds we receive for Maine's MGARA reinsurance program. As you know, this will help lower premium rates for the proposed merged market for small businesses and individuals who are not eligible for subsidies.

There are benefits for insurers as well. Increased enrollment means they will be collecting additional premiums from new members of their plans. It's also important to note that unlike the federal assessment, a Maine HIA would be tax-deductible for for-profit carriers. Therefore, most carriers will actually see a 21% reduction in the costs associated with paying the fee compared to what they were paying prior to January of this year.

LD 1463 also creates an advisory group made up of a range of key stakeholders to assist the Commissioner and Superintendent in creating and implementing the Fund and Assessment. This is a smart way to make sure we think comprehensively about the best way to implement this new initiative.

For all these reasons, I urge you to support LD 1463 as a commonsense solution to make health care more affordable for thousands of Mainers, which will make our state healthier and improve the financial stability of many individuals and families who are struggling due to the costs of health care now. Thank you and I am happy to answer any questions you may have.

ⁱ <https://www.kff.org/health-reform/issue-brief/the-aca-family-glitch-and-affordability-of-employer-coverage/>