

Testimony in support of LD 1463, “An Act to Make Health Care Coverage More Affordable for Working Families and Small Businesses.”

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Good morning Senator Sanborn, Representative Tepler, and members of the Joint Standing Committee on Health Care, Insurance, and Financial Services. My name is James Myall. I’m a policy analyst at the Maine Center for Economic Policy. I am here before you today to testify in support of LD 1463, “An Act to Make Health Care Coverage More Affordable for Working Families and Small Businesses.”

MECEP supports LD 1463 because the bill would help an estimated 34,000 Mainers to access affordable health care through the Affordable Care Act.

LD 1463 would reinstate at the state level a federal health insurance assessment that was levied on for-profit insurers from 2014 through 2019. The revenue from the HIA would be applied to fixing an issue with the Affordable Care Act that leaves some families out of health care subsidies even if they should qualify.

Individuals qualify for subsidies to purchase health insurance through the individual marketplace if their income is above 139 percent of the federal poverty level *and* they don’t have an affordable insurance option through their employer. Under current law, plans that cost more than 8.5 percent of a family’s income is considered unaffordable, making that individual or family eligible for subsidies.¹

However, tens of thousands of Mainers every year are losing the assistance they need to access affordable health care because of an issue in the ACA. If one family member has an offer of employer-sponsored insurances that meets the affordability criteria for a single individual, their entire family loses access to subsidies — even if coverage for the whole family is unaffordable.

This problem is known as the “family glitch,” and LD 1463 would help solve it.

According to a new estimate by the Kaiser Family Foundation, 34,000 Mainers currently fall into the family glitch.² Most are children, and almost half come from families with incomes below 250 percent of the poverty level – around \$55,000 for a family of three.³

When basics like health care are unaffordable, it makes it harder for families to make ends meet, handle emergencies, and participate fully in the economy. Even before the pandemic, one in three Mainers couldn’t afford to pay a \$400 emergency expense without taking on debt.⁴ And each year, one in eight Mainers – around 128,000 people – have to skip or delay medical care because they just can’t afford it.⁵

LD 1463 would close a significant gap in our health care coverage by offering state subsidies to families who fall into the glitch, allowing them to afford coverage on the health insurance marketplace.

Expanding access to health care benefits all of us. By giving more people access to routine checkups and other preventative care, the bill would result in fewer Mainers relying on the emergency room for

treatment or needing expensive treatment for a late-stage disease that could have been diagnosed earlier — both of which drive up the cost of care for everyone.

Insurance companies paid a fee to the federal government to help families who had fallen into the glitch until 2019. In the first quarter of 2021, the three major for-profit health insurers operating in Maine — Aetna, as part of CVS Health,⁶ Anthem,⁷ and UnitedHealth⁸ — collectively posted profits equivalent to \$35 billion annually.⁹ These corporations and their shareholders can easily afford to contribute this small fee to help boost the collective health of Mainers.

LD 1463 would make a significant difference to the lives of tens of thousands of Mainers, improving their physical and financial well-being. It will benefit all Mainers through better public health and lower insurance premiums. By asking insurance companies to continue paying a relatively small fee that they've already accounted for in their business model, we can help tens of thousands of Mainers.

Thank you. I'll be happy to take any questions.

Notes

¹ Rae, Matthew, et al., "How the American Rescue Plan Act Affects Subsidies for Marketplace Shoppers and People Who Are Uninsured," *Kaiser Family Foundation*, Mar 25, 2021. <https://www.kff.org/health-reform/issue-brief/how-the-american-rescue-plan-act-affects-subsidies-for-marketplace-shoppers-and-people-who-are-uninsured/>

² Cox, Cynthia, et al., "The ACA Family Glitch and Affordability of Employer Coverage," *Kaiser Family Foundation*, Apr 7, 2021. <https://www.kff.org/health-reform/issue-brief/the-aca-family-glitch-and-affordability-of-employer-coverage/>

³ US Department of Health and Human Services, 2021 Poverty Guidelines, Jan 26, 2021. <https://aspe.hhs.gov/2021-poverty-guidelines>

⁴ MECEP analysis of US Federal Reserve, Survey of Household Economics and Decision-Making, 2017-2019 data, 3-year average.

⁵ US Centers for Disease Control, Behavioral Risk Factors Surveillance Survey, 2018 data.

⁶ CVS health earnings report Q1 2021. <http://cvs2018ir.q4web.com/investors/newsroom/press-release-details/2021/CVS-Health-Reports-Strong-First-Quarter-Results/default.aspx>

⁷ Anthem earnings report Q1 2021. [https://ir.antheminc.com/news-releases/news-release-details/anthem-reports-first-quarter-2021-results-raises-full-year?field_nir_news_date_value\[min\]=](https://ir.antheminc.com/news-releases/news-release-details/anthem-reports-first-quarter-2021-results-raises-full-year?field_nir_news_date_value[min]=)

⁸ UnitedHealth earnings report Q1 2021. <https://www.unitedhealthgroup.com/newsroom/2021/2021-4-15-first-quarter-results.html>

⁹ This reflects Q1 2021 profits adjusted to an annual basis.