



May 18, 2021

Honorable Heather Sanborn, Senate Chair
Honorable Denise Tepler, House Chair
Joint Standing Committee on Health Coverage, Insurance and Financial Services
100 State House Station
Augusta, Maine 04333-0100

Re: L.D. 1463, “An Act To Make Health Care Coverage More Affordable for Working Families and Small Businesses”

Dear Senator Sanborn, Representative Tepler, and Members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services:

On behalf of Anthem Blue Cross and Blue Shield, I would like to submit the following comments to summarize my comments at the public hearing in opposition to *L.D. 1463, “An Act To Make Health Care Coverage More Affordable for Working Families and Small Businesses.”*

L.D. 1463 proposes to establish a state level health insurance tax or “HIT” of 2.85% on net written premium in order to fund subsidies to address the “family glitch” under the Affordable Care Act.

Although the goal of L.D. 1463 is certainly laudable, we are opposed to the legislation for several reasons.

1. An Oliver Wyman study¹ estimated the cost of HIT tax in Maine in 2020 to be \$53.3 Million, and the cost over 2020-2029 to be \$678.4 million.
2. The federal HIT was repealed in 2019 and is not reflected in 2021 premium rates. If L.D. 1463 is enacted, our fully insured individual, small group, and large group customers will see a premium increase due to the enactment of this HIT at the state level.
3. Members have already recognized the benefit associated with the elimination of the HIT, which is no longer reflected in premium rates.
4. We estimate that imposition of the tax would increase premiums by approximately 3%.
5. We would note that the Biden administration has indicated it intends to address the family glitch at the federal level. While we certainly understand the issues associated

¹ Analysis of the Impacts of the ACA’s Tax on Health Insurance in Year 2020 and Later, Oliver Wyman, August 28, 2018, <https://health.oliverwyman.com/content/dam/oliver-wyman/blog/hls/featured-images/August18/Insurer-Fees-Report-2018.pdf>.

with the family glitch and support the need for a federal solution, we are opposed to imposition of new tax on purchasers of health insurance in Maine.

6. As drafted, the bill applies to all lines of business, including dental, vision, and Medicare Advantage. Although proponents have asserted that Medicare Advantage plans would not be subject to the tax, there is nothing in the bill that excludes those plans from the tax—only Medicare Supplemental plans are excluded.
7. Not only will it make coverage more unaffordable for most Mainers, it creates the possibility of unintended consequences:
 - As prices increase, younger, healthier people will be driven from the market, exacerbating the very situation L.D. 2007 is attempting to address; and
 - It may drive more business to self-insure in both the small group and the large group markets in order to avoid the tax.

The State cannot make health insurance more affordable by taxing health insurance an increasing the costs of the very product you are seeking to make more affordable. Maine already has some of the highest health care costs in the nation and the Legislature should not be adding to that burden. Adding additional taxes to the premiums paid by individuals and employers already struggling with the cost of health care will only serve to further increase premiums and is counter to the goals of L.D. 2007.

Thank you for the opportunity to share our concerns. We strongly urge you to vote “ought not to pass” on L.D. 1463, and I would be happy to answer any questions you may have.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristine M. Ossenfort".

Kristine M. Ossenfort, Esq.
Senior Director, Government Relations