



**Testimony of Katherine Pelletreau
to the Joint Standing Committee on Health Coverage, Insurance and Financial
Services**

In Opposition To

**LD 1463 An Act to Make Health Care Coverage More Affordable
for Working Families and Small Businesses**

May 12, 2021

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

My name is Katherine Pelletreau and I am the Executive Director of the Maine Association of Health Plans (MeAHP). MeAHP has five members including Aetna, Anthem Blue Cross and Blue Shield, Cigna, Community Health Options and Harvard Pilgrim Health Care. Collectively, MeAHP's members provide or administer health insurance coverage to over 600,000 Maine people. The organization's mission is to improve the health of Maine people by promoting affordable, safe and coordinated healthcare.

MeAHP opposes this bill because it creates a new assessment of 2.85% on net written premiums. The direct connection between assessments and premiums means that this new tax would directly increase health insurance premiums across all markets.

History of the health insurance tax (HIT):

Beginning in 2014, the Affordable Care Act (ACA) imposed a tax that was projected to exceed \$260 billion over 10 years (2020-2029) in what was essentially a sales tax on health insurance coverage. Actuarial analyses found that the health insurance tax negatively impacted consumers and employers by adding to the cost of coverage purchased directly from a health insurance plan in the individual and employer markets, as well as beneficiaries in public programs like Medicaid and Medicare.

The HIT was suspended for 2017 and 2019, reinstated for 2020, and permanently repealed for 2021 and after.

The federal law repealing the health insurance tax (HIT) passed in 2019 with an effective date of 1/1/2021. This means that Plans currently being sold in Maine do **not** include this assessment. Under this bill, it would be re-established at 2.85%.

The “family glitch” problem

This bill links the collection of the assessment to fixing a widely acknowledged flaw in the ACA called the “family glitch”. This problem has been written about extensively and pressure has been growing to address it at the federal level. President Biden’s American Rescue Plan Act provided temporary coverage for almost all those in the family glitch category and his Executive Order on Strengthening Medicaid and the Affordable Care Act¹ calls for federal agencies to review whether administrative policies could improve the affordability of dependent coverage, suggesting a potential administrative fix to the family glitch.²

If this bill were to pass, we would be assessing Maine people and businesses for something that is likely to be fixed at the federal level.

Financial assistance to lower costs for consumers

LD 1463 additionally targets the funds realized from the assessment towards providing financial assistance to lower premiums or reduce out-of-pocket cost sharing for qualified health plans.

The Biden administration has already acted aggressively towards these goals by:

- Increasing and extending ACA premium tax credits to middle income people who did not previously qualify (for 2021 and 2022)
- Offering maximal subsidies to those who receive unemployment benefits (for 2021)
- Preventing individuals from having to repay excess ACA subsidies at tax time (for 2020)
- Expanding open enrollment periods and funding navigators and outreach and marketing efforts (\$230 million commitment)³

On April 28th, 2021, the White House publicly expressed its intention to make the premium tax credit enhancements permanent – meaning subsidies for people whose income exceeds 400% of the federal poverty level and more generous subsidies for those whose income is between 100 and 400% of the federal poverty level. The White House estimates that this is

¹ <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/28/executive-order-on-strengthening-medicaid-and-the-affordable-care-act/>

² <https://www.kff.org/health-reform/issue-brief/the-aca-family-glitch-and-affordability-of-employer-coverage/#:~:text=President%20Biden's%20health%20care%20executive,fall%20into%20the%20family%20glitch.>

³ [Health Affairs, "Biden's First 100 Days: The ACA and the American Families Plan", Katie Keith, April 29th, 2021.](#)

a \$200 billion investment over 10 years that will result in premium savings for 9 million people and expand coverage to 4 million uninsured.⁴

New federal monies are flowing to those purchasing coverage on Exchanges. Maine people and businesses should not be further charged for what is already being done at the federal level.

Governor Mills announced on May 4th, 2021, her intention to provide \$39M of support to small businesses struggling with high health insurance premiums.

While individuals eligible for subsidies are insulated from premium increases, Maine businesses and their employees are not. **This proposal runs counter to all Maine is doing to address the high cost of coverage, especially for our small businesses.**

Thank you for your consideration of these comments.

⁴ <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/28/fact-sheet-the-american-families-plan/>