

Hon. Heather Sanborn
Senate Chair
Hon. Denise Tepler
House Chair
Joint Standing Committee on Health Coverage and Insurance and Financial Affairs
State House Station 100
Augusta ME 04330

January 11, 2022

Re: **L.D. 1783**, *An Act to Require Health Insurance Carriers and Pharmacy Benefits Managers To Appropriately Account for Cost-sharing Amounts Paid on Behalf of Insureds*
and
L. D. 1822, *An Act To Improve Access to Behavioral Health Services by Prohibiting Cost Sharing by Insurers*

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

Good morning, Senator Sanborn, Representative Tepler, and members of the Joint Standing Committee on Health Coverage and Insurance and Financial Services. I apologize for not being present to deliver this testimony, however the Maine State Chamber wishes to go on record in opposition to both **L.D.'s 1783** and **1822** for similar reasons.

In our opinion, both bills will lead to higher insurance premiums for individuals and small businesses, despite their good intentions. In addition, because both bills run contrary to current provisions in federal law regarding cost sharing, the availability of Health Savings Accounts (HSA's) in Maine would be impacted.

With respect to cost impact, LD 1822 would eliminate the ability for an insurer to charge any type of cost sharing including either a co-pay or deductible for any behavioral health service. L.D. 1783 would require an insurer to credit an individual insured's policy for any credit they may have received from a third party.

While both bills attempt to mitigate direct, out-of-pocket costs for consumers, the result is likely higher health insurance premiums. While deductibles and co-pays may not be popular, they are one way to keep overall premium costs down. Traditionally, the higher the deductible the lower the cost of the plan. While you may pay more up front on the care that you need or are using, you save on the overall cost of your chosen plan. This type of cost sharing arrangement is also one way for consumers to have "skin in the game" when it comes to controlling both their own utilization and costs. Eliminating cost sharing may seem appealing,

but what are the unintended consequences? As health insurance prices have risen, particularly for small business, plans with higher deductibles are all that many such businesses can afford to offer their employees. What will their choices be if the cost of these plans, as a result of these bills, rise above their ability to pay?

Again, while well intended, both bills sent a troubling precedence. Why exempt these two services? What would stop the exclusion of others from all cost sharing? And what is the cost impact, and the impact on the availability of policies should this become a trend?

In addition, it has been pointed out to us by some of our members that both bills may endanger the availability of Health Savings Accounts (HSAs) here in Maine. Health Savings Accounts help working Mainers lower their cost of healthcare through tax savings and to save for future healthcare expenses. They are a middle-class benefit; according to the Employers' Council on Flexible Compensation nationwide the average household income of an HSA account owner is less than \$60,000. In a survey of the leading HSA custodians conducted for the American Bankers' Association's HSA Council, as of year-end 2020, there are over 137,000 HSAs in Maine, with over \$300 million in assets. Federal law governing HSAs requires a minimum deductible for the account owner's health insurance plan and prohibits any payments from any source other than the insured member prior to the satisfaction of that deductible. Both bills contain mandates for third-party payment regardless of deductible status. Our members have concerns that such changes as proposed in both bills would render ALL insured plans in the state non-compliant for HSAs and Mainers enrolled in those plans would be unable to fund a Health Savings Account.

Most employers I have spoken with want to do the right thing for their workers by providing access to health insurance, both because they feel a social responsibility to do so, but also because it helps both attract and retain quality workers. But our economy continues to recover from a global pandemic that has placed Maine small businesses under stress like nothing ever encountered or imagined. We know everyday employers across this state are faced with making difficult choices; choices like whether they will be here tomorrow, whether to lay off or rehire their workers, whether they can afford to provide a pay raise, or whether or not they can afford to continue their health insurance coverage for their employees. Those are cost based choices that public policy outcomes like the one proposed by even well intended legislation like this will impact. We know this because they tell us so. The challenge for employers to maintain their health insurance benefits in the coming months will depend on many things, and the cost of that insurance is chief among them.

Because both these bills hold the potential for further increases in health care costs in Maine, and the concerns businesses have regarding the existing cost of health insurance moving forward, and because of the potential loss of the availability of HSAs in Maine, we are opposed to legislation that may add, even in a small way, to future costs. It is for this reason the Maine State Chamber of Commerce is opposed to L.D. 1783 and 1822. Thank you for your attention to our testimony.

Sincerely,

Peter M. Gore
Executive Vice President
Maine State Chamber of Commerce

