



October 4, 2024

Advisory Council on Affordable Health Care
Meg Garratt-Reed, Director, Office of Affordable Health Care
109 Capitol Street
11 State House Station
Augusta, ME 04333

Dear Director Reed and Members of the Advisory Council on Affordable Health Care:

On behalf of the Maine Municipal Employees Health Trust (MMEHT), I am writing to share our perspectives regarding the challenges associated with maintaining affordable, comprehensive benefits for our members.

The Maine Municipal Employees Health Trust was founded in 1983 with the goal of containing healthcare costs while maintaining quality benefit programs and providing superior service. The Trust is a non-profit, self-insured organization, governed by Trust participants. At the present time, over 480 Maine municipalities, counties, and quasi-municipal organizations participate in one or more of the Health Trust's medical plans. This represents over 20,000 employees, retirees, and dependents, located in every county in Maine.

We are currently in the midst of establishing health plan premiums for 2025, and for the first time in over two decades we are facing the necessity for a double digit average premium increase, even with the use of available reserves to lower the rates. These costs will be borne directly by our municipal employees and by the taxpayers of the participating municipalities, who pay the additional cost of the benefits.

The MMEHT Board of Trustees is making changes to member costs shares for 2025 to help mitigate increasing costs and keep premium growth down. However, there are few changes we could make which would offset the large increases in healthcare costs, and we are concerned about the significant impact cost shifting may have on member affordability and adherence to medical advice and medications.

We note that increases in plan costs are most dramatic in two large categories; hospital costs and pharmaceutical trends. On the hospital side, increasing consolidation has given providers outsized leverage in contract negotiations, which has made it very difficult to constrain price increases. With the trust's need to ensure members must have access to quality facilities in every corner of the state, we are not able to allow large systems to drop from our network, and they know this. It effectively handicaps our ability to negotiate on price, and all-or-nothing contract terms prevent us from excluding certain high-cost hospitals from the network.

We understand that many hospitals are facing financial challenges, but those challenges are not unique to hospitals, and we cannot continue to absorb large premium increases while maintaining affordable, quality benefits for municipal employees. To that end, we encourage the Committee to consider and support legislation that incentivizes greater efficiency and transparency at Maine hospitals and reduces their undue cost-shifting onto Maine's employers and commercial payors.

In regard to pharmacy, prior to the impact of rebates, 2023 costs increased by 21% for the MMEHT. This reflects that the cost of drugs has increased significantly, and that more members have also shifted to utilization of more expensive specialty medications. The shocking pharmacy trends that MMEHT is observing are certainly not unique to our organization, but they are unsustainable in the long term. We encourage the Committee and the Maine legislature to oppose expensive mandates and to support measures that increase transparency in the pharmaceutical industry.

The Trust is observing alarming increases in medical and pharmacy trends in recent years, and as a non-profit, we are very concerned about maintaining affordability for our members. We appreciate that the Committee shares these concerns.

Thank you for the opportunity to present our perspectives.

Sincerely,

A handwritten signature in black ink that reads "Kristina A. Gould". The signature is written in a cursive, flowing style.

Kristina A. Gould
Director, Health Trust Services
(207) 624-0164
kgould@memun.org

Cc: Melissa Flayhan, Chair, Maine Municipal Employees Health Trust Board of Trustees