



Comments of Dan Demeritt
2024 Public Hearing
Maine Office of Affordable Health Care
October 4, 2024

The Maine Association of Health Plans (MeAHP) includes six health plans providing or administering health insurance coverage to more than 600,000 Mainers. Our mission as an association is to improve the health of Maine people by promoting affordable, safe, and coordinated health care.

We appreciate this opportunity to comment on trends in health care cost growth and spending and the correlation to quality and consumer experience. MeAHP also welcomes the chance to help inform the Maine Office of Affordable Health Care's (OAHC) annual report, its planning and data analysis, and the development of priority initiatives and policies.

Strong and Stable Health Insurance Market

Health insurance carriers are providing coverage for 53% of insured Mainers through either an employment-based plan or insurance purchased through the individual market. Our carriers also support more than 6,000 jobs in direct and insurance related employment.¹

Health insurance carriers bring expertise and innovation into the marketplace, competing to present market-based coverage options that are responsive to the needs of employers and consumers.

Our plans are committed to health care affordability. They deliver value and better outcomes for patients by establishing networks of highly-qualified providers, negotiating fair rates for treatments and services, through member health initiatives, and with a focus on evidence-based care. Maine families can count on their commercial health plan to provide access to care and financial peace of mind in their times of need.

The premiums that consumers pay each month are indicative of a healthcare system constantly straining to meet ever-increasing demand and unsustainable growth in provider and prescription drug costs.

Health insurance carriers are also the only participants in the health care system whose rates are regulated. In addition, health insurers are also subject to loss ratio requirements. If those requirements are not met, the insurer is required to issue a rebate.

A strong and stable commercial health insurance market is an essential part of a state health care system capable of achieving value for payers and good outcomes to patients and their families. Areas of focus to improve the strength and stability of the commercial insurance market include:

Address Monopolistic Provider Scale and Practices: Competitive healthcare markets are more affordable and provide patients with choices across a range of evidence-based care they need. In Maine, provider consolidation and policies that advantage providers over payers have created barriers to alternatives, limit innovation, inflate prices, and drive-up costs for everyone.

¹ [202407-EPC_StateData-Maine.pdf \(ahip.org\)](https://www.ahip.org/202407-EPC_StateData-Maine.pdf)

The impact of monopolistic practices and inefficiencies are reflected in the payment data published on the OAHC dashboard. Commercial payments per unit of hospital inpatient and outpatient services are significantly higher and have grown faster than Medicare and MaineCare since 2017.

Protect Plan Design, Coverage, Pricing Decisions: Our modern health care system is incredibly complex and costly. Health plans leverage data, research, medical expertise, and prior-year experience and actuarial science to build provider networks and to develop and price plans that provide consumers with access to affordable, evidence-based care.

Coverage mandates, limits on co-pays, deductibles, and co-insurance, and first dollar coverage requirements for certain services driven by advocates rather than medical evidence create inequity among patient groups and burdens the entire risk pool with higher premiums and higher cost sharing for other services.

Preserve Utilization Management Tools: Prior authorization is an important tool to ensure members receive the right care at the right time. Just like doctors use scientific evidence to determine the safest, most-effective treatments, health insurance providers rely on data and evidence to understand what tools, treatments, and technologies deliver the greatest value to improve patient health. Insurance providers partner with doctors and nurses to identify the most efficient and effective approaches that have better results, save money and resources, and improve outcomes.

Prior authorization helps ensure that patients receive care that is safe, effective, and high value. Only used in limited circumstances, prior authorization:

- Helps lower a patient's out-of-pocket costs.
- Protects patients and prevents overuse, misuse or unnecessary (or potentially harmful) care.
- Ensures care is consistent with evidence-based practices.

Prior authorization is a cost-saving and waste-prevention tool. With a comprehensive view of the health care system and each patient's medical claims history, carriers work to ensure that medications or treatments prescribed are safe, effective, and affordable to meet each patient's health care needs. This results in better outcomes and lower costs for patients.

We have healthier patients and a more affordable and effective health care system when patient-level insights and a global view medical understanding are used to help direct people to the most appropriate health care provider and setting. Utilization management is a highly appropriate and improving tool to help providers and patients make informed decisions.

Reference Based Pricing and Payment Limits: Carriers are also concerned about limitations on their ability to pay the market price for medically necessary services, treatments, and medications. Affordability initiatives should focus on reducing the actual cost of care while protecting payer's ability to achieve reasonable rates and pay for care that is covered by their policies and necessary for their members.

Setting artificial cost-share ceilings or referencing prices to benchmarks external to Maine and its market conditions will limit access to care.

Promote Modernization and Interoperability: Patient information and prior authorization requests can be shared safely in an instant using electronic medical records and automated systems that reduce manual

errors and omissions. CMS is making important progress and setting new standard in terms of access to health information that can inform Maine-based discussions.²

We are pleased by the big picture focus of the OAHc in this area and urge the office to continue to fend off narrowly focused policy and advocacy that can negatively impact the strength and stability of Maine's commercial health insurance markets.

Public Option and Public Payer Cost Shifting

About a third of all Mainers are enrolled in MaineCare and the Children's Health Insurance Program. When reimbursement rates from MaineCare do not keep pace with health care inflation, it creates burdens for providers and further shifts the costs of our healthcare system to Maine's commercially insured population.

This hidden tax on commercial rate payers hurts employers and undermines the cost competitiveness and stability of our private health insurance market.

MaineCare Rate Reform: MaineCare Services is conducting a multi-year payment rate reform initiative. We welcome the work and urge the Department to work quickly through their administrative process to keep pace with the escalating costs of health care.³

We must also be mindful of the challenges of achieving and maintaining an equitable rate structure from a publicly funded payer subject to state budget pressures, changing political priorities, and the authority the state will continue to have to dictate rates to providers.

Equity for Employers and Commercial Health Insurance Customers: To the extent that MaineCare Services achieves meaningful rate reform, it should create opportunities to reduce the cost shifting currently reflected in the rates providers negotiate with commercial payers. Providers should be prevented from using higher MaineCare rates to expand their underlying cost structures.

The ultimate and equitable result of MaineCare rate reform should include appropriate reimbursement of providers, better access to care for MaineCare participants, and cost shifting relief for employers and commercial insurance consumers in terms of lower health care costs and premiums as commercial carriers price their policies to reflect lower provider rates for treatments and services.

We would encourage the Maine Health Data Organization, OAHc, elected officials and other stakeholders to track the impact MaineCare rate reform has on access and affordability across the state's health care system and hold providers accountable for reducing cost shifting.

Public Option Limits in Maine: We agree with OAHc's assessment in its report, "A Public Option for Maine: Considerations for Policymakers," that Maine does not have a market deficiency that could be addressed by the introduction of a public plan.⁴

² <https://www.cms.gov/newsroom/press-releases/cms-finalizes-rule-expand-access-health-information-and-improve-prior-authorization-process>

³ <https://www.maine.gov/dhhs/oms/providers/mainecare-rate-system-reform>

⁴ <https://www.maine.gov/oahc/sites/maine.gov.oahc/files/meetings/2024-04/Public%20Option%20Study%20Maine.pdf>, p. 11

We also note that the innovations pursued in other states have included special rate setting authorities that can lead to additional cost shifting that undermines health system participants, greater draws on public revenues, and limits on margins that can negatively impact the strength and stability of participants across our health care system.

Full Assessment of Healthcare Spending and Investment

The Maine Health Data Organization and its collaboration with OAHC is bringing greater clarity and more transparency to healthcare spending in Maine connected to payer data. We think a full assessment also must consider the financial support and transfers made directly to providers and health care systems from government entities, including critical access payments from MaineCare, philanthropy, and research and other partners.

There is even more to learn, we believe, when we consider the totality of investment being made in support of our health care providers and infrastructure.

Thank you for this opportunity to comment. We look forward to your annual report and continuing to engage with your important work.