Office of Affordable Health Care
2024 Public Hearing

Community Health Options is Maine's nonprofit CO-OP health insurer. As we move into our twelfth year of operations, we are proud to serve all aspects of Maine's commercial market, both on and off exchange, and both fully insured and self-insured. We have remained on the Marketplace since its very beginning.

One of two remaining CO-OPs in the nation, we have made considerable investments through our benefit design to advance improved health outcomes while reducing the total costs of care in achieving those outcomes. We continue to lead with our value-based benefit design that dramatically reduces cost sharing for routine care necessary for chronic disease management including behavioral health. We pay Members to receive infusions at lower cost infusion centers that has resulted in millions of dollars of reduced costs which in turn gets plowed back into lower premiums for all. And we work specifically to aid Members access lower cost prescription drugs through coordinated efforts with their providers which has reduced out of pocket spending and increased access to medications.

In addition to cost savings, these and other related efforts at Community Health Options have led to significant quality outcomes: our all-cause readmission rates are lower than the industry benchmark, our adherence rates for chronic care medications are higher than our peers nationally, and we are exceeding NCQA standards for our rate of follow-up following an inpatient behavioral health stay.

Health Options is committed to improving health outcomes while reducing the total costs of care. We do this through the tools that are available to us such as care coordination and care management, value-based insurance design, partnering with providers, and member outreach. And we do this through our service model which is supported by a service team that lives and works here in Maine. NCQA awarded Community Health Options four stars for clinical quality (the care provided by the network of providers), five stars for enrollee experience and five stars for plan efficiency, affordability, and management.

Despite these efforts, the costs of health care coverage in Maine remain high. Among the many contributing factors are the following:

- Specialty pharmacy: the cost of specialty drugs continues to be the leading trend factor impacting the commercial market.
- Legislative mandates: in Maine's predominantly fee for service market, the curtailment of management controls while mandating greater benefits increases the total costs of coverage.
- Market merger: the merging of the individual and small group markets continues to dilute the impact of MGARA.

- Unchecked siphoning from the fully insured SG market: the acceleration of small businesses moving to level funded plans has eroded the fully insured community rated pool.

The following list identifies the top state health policy changes that we recommend to ameliorate the high costs of coverage in Maine:

1. **De-couple the individual and small group markets.** By vastly increasing the pool covered by MGARA without increasing the funding, the results of the merger were quite predictable: a dramatic decrease in the value of MGARA on a per participant basis. This then drives down the value of MGARA to insurers. Rather than raising taxes on insureds throughout Maine, we should decouple the markets and directly address small group mechanics.
2. **Increase the small group pool.** By changing the definition of small group from up to 50 employees to up to 100 employees, Maine's small group pool would substantially increase and attain the benefits of a larger, more sustainable block of insureds.
3. **Increase the health of the small group pool.** The small group community rated pool faces the potential of gradually turning into a high-risk pool due to the increasing numbers of its healthiest groups leaving for self-insurance arrangements. Placing appropriate guardrails around self-insured arrangements for small groups will still allow for self-insurance but also consider the costs to the small group community-rated market lest it gradually become the de facto high-risk pool for small business.
4. **Make HealthInfoNet available to payer participation.** HealthInfoNet (HIN) is arguably the most successful health information exchange in the country. It serves an extremely valuable purpose by making critical health information available to reduce waste and increase timely access. While abiding by the patient protections of HIPAA, payer access to HIN would aid in care coordination, reduce administrative burden and generally root out wasted spending due to inefficiencies.
5. **Eliminate the HPIS tax on premium payers.** The cap on reinsurance recoveries to 200% of Medicare payments serves to further limit the value of MGARA without doing what was intended with the policy, i.e., reduce the total costs of care.
6. **Do not place further curbs on prior authorization and utilization management.** Until we reach widespread adoption of value-based care contracting with downside risk arrangements, prior authorization and utilization management are necessary tools that help with stewardship of premium dollars and steer towards "right care, right time, right place."
7. **Do not mandate particular drugs or drug classes.** Forcing coverage of a particular brand only further strengthens the manufacturers at the expense of premium payers.
8. **Adhere to mandate studies prior to final consideration of any mandates.** Calls for mandates are frequent but each should be considered carefully in terms of its value and relative impact to premiums for all rate payers.
9. **Encourage value-based arrangements without increasing health care costs.** The move to value-based payment systems should benefit clinicians providing the care and patients

receiving the care, and without layering on additional costs to an already beleaguered market. The entry point to value-based care cannot be the imposition of additional charges. There should be adequate resources within existing funding to move towards both gain sharing and risk bearing, and applied in ways that allow clinicians to move from volume-based to value-based.

10. **Establish seamless enrollment pathways between Medicaid and the Marketplace.** Despite the Unwinding, the Urban Institute estimates that only 5% of those losing Medicaid will find their way into Marketplace coverage, while over 20% are estimated to go uninsured. [**Urban Institute Report** https://www.urban.org/research/publication/impact-covid-19-public-health-emergency-expiration-all-types-health-coverage] Improving the seamlessness in coverage and greater access to preventive care and good management of chronic conditions will lessen more expensive costs downstream.

Thank you for your consideration of these comments and recommendations. I look forward to the continued work ahead in addressing the high costs of care in Maine.

Kevin Lewis, President & CEO
Community Health Options