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Comments of Dan Demeritt
On Behalf of the Maine Association of Health Plans

2025 Public Hearing
Maine Office of Affordable Health Care
October 10, 2025

The members of the Maine Association of Health Plans are five 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.

The 2026 coverage year will present unique challenges for Maine's healthcare system, its insurance carriers, and, most of all, its consumers. Maine is facing significant increases in health insurance premiums, with increases in the individual and small group markets averaging 24% and 18% respectively for the upcoming year and impacting over 115,000 Mainers.¹

These premium increases are a direct reflection of increases in the underlying cost of healthcare. The rates proposed by Maine's carriers must and do reflect this. The real impact of these higher rates was demonstrated by many of the 130 Mainers who recently shared their stories about how higher health care coverage costs are impacting their businesses and families at the Bureau of Insurance's 2026 Health Insurance Rate Public Forum in August.

We appreciate this opportunity to comment on trends in health care cost growth and to express support for the work Maine Office of Affordable Health Care (OAHC) does to create transparency and promote discussion around achievable reforms.

Unsustainable Trends in Health Care Costs

Traditional cost drivers in our healthcare system continue to put upward pressure on health insurance premiums.

The Wakely Consulting Group produced a report for the OAHC in February of 2025 that analyzed historical medical trends and the impact on premiums in Maine's merged individual and small group market.²

¹ <https://www.maine.gov/pfr/insurance/press/maine-bureau-of-insurance-announces-final-2026-health-insurance-premiums-for-individual-and-small>

² Medical Trends and Premium Changes in Maine Marketplace, Wakely Consulting Group, LLC, February 7, 2025, <https://www.maine.gov/oahc/sites/maine.gov/oahc/files/2025-02/Wakely%20Trend%20Analysis%20in%20Maine%20Report%2002.07.2025.pdf>

The study found that the average unit cost trends by category of service have increased by a range of 7.7% and 9.4% annually for outpatient facilities from 2021 to 2025. Unit cost trends for inpatient facilities, professional, and pharmacy all increased on an annual basis as well within a range of approximately 4% to 6%. The report also found that the biggest driver of premium increases in 2025 was the increase in medical unit costs.

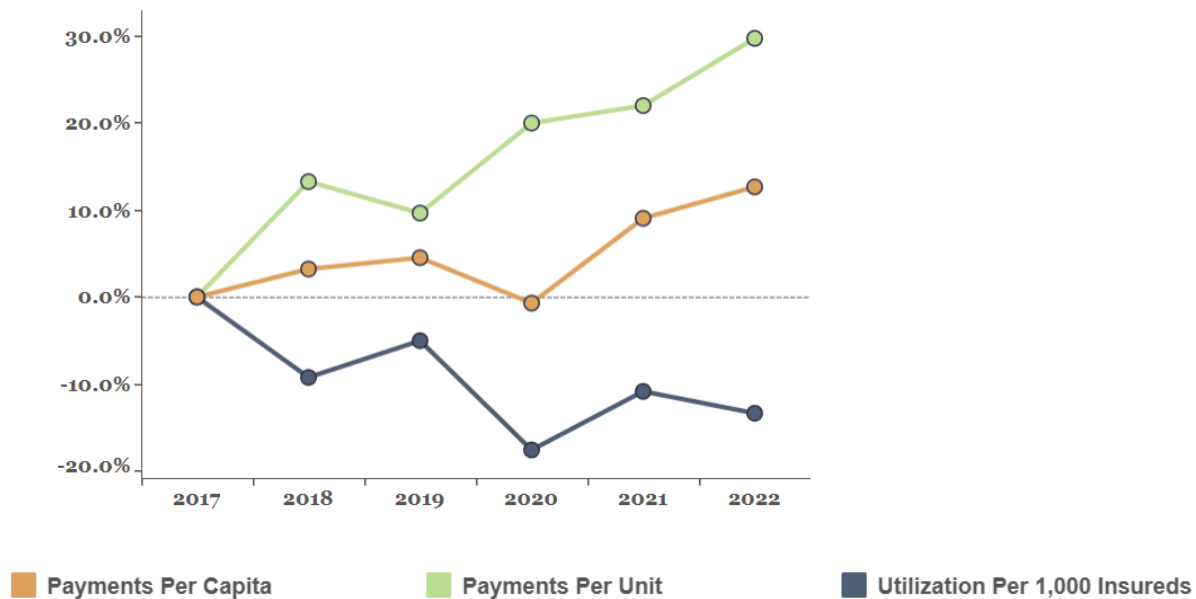
Wakely finds that the largest components of the 9.1% average 2025 rate change in the individual portion of the merged ACA market were medical unit cost trend (3.8%), medical unitization (2.0%), and demographic shift (1%). Pharmacy unit cost, pharmacy utilization, and morbidity each contributed less than 1% to the 2025 change in premium as well.

The only component that contributed to lower premiums was plan design changes implemented by carriers (-0.2%).³

The Hospital Services Payment and Utilization Dashboard maintained by OAHC provides an ongoing and important illustration of how provider costs have increased, how payments vary based on type of insurance, and averages for certain hospital services. For example, it shows that for commercial payers, payments per unit increased 29.6% from 2017 to 2022, while they increased only 10.1% for Medicaid and 9.2% for Medicare (both original Medicare and Medicare Advantage) over that same period:

Hospital Services Payments and Utilization

Cumulative Percent Change



³ <https://www.maine.gov/oahc/sites/maine.gov.oahc/files/2025-02/Wakely%20Trend%20Analysis%20in%20Maine%20Report%2002.07.2025.pdf>, p. 6 & 7.

Regulatory Uncertainty and Market Disruptions

The factors that are most concerning for 2026 and have a significant impact on rates are the unknown costs associated with the uncertainty and market disruption impacting the nation's health care system, its public insurance programs, and the nation's private insurance carriers.

Absent federal action, millions of Americans and thousands of Mainers, are expected to lose federal enhanced advanced premium tax credits for 2026. These enhanced tax credits help make insurance through Maine's health insurance marketplace more affordable for consumers and improve the stability of the risk pool by incentivizing younger and healthier people to purchase coverage through Maine's marketplace.

It is important to note that tax credits that subsidize the consumer cost of health insurance do not reduce the underlying cost of health care. The Maine Bureau of Insurance reports that the impact on the risk pool of ending the enhanced premium tax credits is responsible for just 1% to 3.6% of the premium increases approved for carriers for the 2026 coverage year.⁴ However, the potential elimination of these credits reemphasizes the importance of addressing affordability and the underlying costs of healthcare.

Unknown Costs of Catastrophic Coverage Expansion

Federal changes in eligibility for catastrophic plans, coupled with higher premiums and the loss of enhanced tax credits, will likely drive some consumers to transition from comprehensive coverage to catastrophic plans. These plans can be the right fit for some, offering lower premiums and basic benefits while also exposing individuals and families to higher deductibles and out-of-pocket costs.

However, the use of catastrophic policies by consumers in need of more robust coverage may create barriers to on-going care through higher out-of-pocket costs, which may, in turn, contribute to medical debt and financial insecurity.

We urge policymakers and health care stakeholders to monitor coverage shifts closely and consider how we can lower costs to help more Mainers maintain access to comprehensive coverage.

Public Policy Impacts on Premiums

The cost of health insurance in the year to come must also contend with years of decisions by policy makers that have mandated coverage expansions, limited utilization management tools, increased administrative burdens and restricted plan design options and insurance market innovations.

An illustrative and costly example would include the decision to merge Maine's individual and small group health insurance markets and the impact that it has had on its reinsurance program known as MGARA. The expansion of the reinsurance program to include the small group market

⁴ Maine Bureau of Insurance presentation to HCIFS, 10/1/25, p.8

has contributed to an erosion of MGARA’s impact on premiums from 17% in 2021 to a projected impact of just 5.4% in 2026.⁵

Discussions planned for this fall among MGARA stakeholders should consider program reforms to increase the impact of Maine’s reinsurance program has on premiums in the individual market.

Support for What Works – Utilization Management

An important strategy for addressing health care costs is the effective use and continuous improvement of prior authorization processes. The Legislature has recently created new limits on prior authorization even though it is a critical tool for managing utilization and ensuring that treatments and procedures are medically necessary and align with evidence-based standards of care.

By requiring providers to obtain approval before a small and shrinking set of services and medications, health plans can help prevent unnecessary, duplicative, or low-value interventions that contribute to cost escalation without improving patient outcomes.

Research and experience in Maine and other states demonstrate that well-designed prior authorization programs reduce avoidable hospitalizations, limit the use of high-cost imaging and procedures, and promote appropriate use of specialty drugs.

A national initiative announced by AHIP this summer highlights how health plans are voluntarily streamlining and modernizing prior authorization—such as by leveraging electronic systems, increasing transparency, and enhancing provider engagement—to reduce administrative burden while preserving the essential benefits of utilization management.⁶

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.

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.

We urge OAH and other stakeholders to consider how cost containment strategies that are proven to work can be supported and expanded to protect patient safety and health care system affordability.

⁵ MGARA Parameter Setting Decision for 2026, May 5, 2025

⁶ https://ahiporg-production.s3.amazonaws.com/documents/202506_AHIP_Report_Prior_Authorization.pdf

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, monopolistic behaviors that advantage providers over payers can create barriers to alternatives, limit innovation, inflate prices, and drive-up costs for everyone.

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

Health insurance carriers work every day to provide their members with affordable access to evidence-based, quality health care and will continue to do so even given the current challenging environment.

We appreciate your consideration of our comments.