



MAINE ASSOCIATION  
OF  
HEALTH PLANS

September 11, 2020

Marti Hooper  
Brittnee Greenleaf  
Maine Bureau of Insurance  
34 State House Station  
Augusta, ME 04333-0034

Dear Marti and Brittnee,

I am writing to offer MeAHP's comments on merging the small group and individual health insurance markets.

As you know, MeAHP does not support merging the markets. A modest and likely one-time benefit to small group rates at the expense of greater savings to individual market rates does not seem worth the market disruption this change would cause.

We are concerned about solvency questions raised by the MGARA board. As evidenced by recently approved rates, the current MGARA program benefit is substantial and we would like to see it continue. MGARA's success relies on pass-through savings associated with APTC that exist only in the individual market. Merging the markets would require MGARA to cover a substantially expanded pool with similar or likely fewer resources. It dilutes MGARA's proven positive effect on individual market premiums.

The state's plan appears to assume federal assistance specifically for merging the markets in addition to pass-through savings related to APTC. While both Massachusetts and Vermont have merged markets, neither has relied on a 1332 waiver to do so, as the change was made prior to passage of the ACA. Our concern is whether or not this type of assistance would be available and what certainty there is that it would be granted, especially as it is counted on in the Gorman Actuarial projections.

Under the law, both average individual premium rates and average small group premium rates must be the same or lower than they would have been to proceed with a merger. Under the projections of both the Gorman Report and the Milliman Report, this standard is not met. Both reports show a reduction in premium benefit to the individual market over what would have been absent the merger.

We see at least three options that could be studied as alternatives to moving forward with the merger. To be clear, the suggestion to study alternative options does not indicate support or endorsement of the alternatives by the Plans.

- An incentive approach to encourage broader participation in the markets (mandate)
- Provision of reinsurance to the small group market without merging the markets (additional funding would be needed)
- Expansion of small group size from 50 to 100

If the Bureau does decide to move ahead with the merger, we request some mechanism for periodic and ongoing analysis to determine if a merged market is beneficial over time. If not, there should be pre-identified triggers that would lead to re-separation. This is especially important given the collective changes to the market currently being proposed – the combination of standardized plans and the merger could cause substantial movement that needs to be monitored carefully. A bi-annual report to the Legislature is one way this could be accomplished.

Thank you for the opportunity to provide these comments.

Sincerely,

A handwritten signature in cursive script that reads "Katherine D. Pelletreau".

Katherine D. Pelletreau  
Cc: MeAHP Board of Directors