**The Maine Heritage Policy Center**

**Testimony to Oppose LD 1854**

**“An Act To Increase the Minimum Amount of Insurance Coverage Required for Medical Payments for Vehicle Liability Insurance”**

Senator Sanborn, Representative Tepler and distinguished members of the Committee on Health Coverage, Insurance and Financial Services, my name is Adam Crepeau. I serve as a policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to testify in opposition to LD 1854.

Maine’s requirement for medical payment coverage (MedPay) is currently set at $2,000 per person and covers medical expenses incurred by the driver and passengers. LD 1854 would raise the required MedPay coverage from $2,000 to $5,000 per person by January 1, 2021 — a 150 percent increase. MedPay coverage can be used for medical and funeral expenses incurred by the driver and others who are hurt or killed in an automobile accident.[[1]](#footnote-1) This coverage also follows the policy holder when they’re not in a vehicle and extends to injuries that result from another vehicle while biking, walking or riding in another car.[[2]](#footnote-2)

While consumers should make the decision to purchase this coverage when they shop for auto policies, The Maine Heritage Policy Center is opposed to this legislation because it would result in less choice for consumers and more expensive policies. For one, requiring policyholders to purchase additional MedPay coverage will cost them more annually. According to an analysis of rates provided by five companies that offer MedPay coverage, consumers could pay an additional $24 to $125 more annually if they change their policy from $2,000 of MedPay coverage to $5,000 of MedPay coverage.[[3]](#footnote-3) Because auto insurance is required in Maine, this legislation would harm consumers who currently have MedPay coverage between $2,000 and $5,000.

In addition, MedPay coverage is only required in Maine and New Hampshire — most states allow consumers to choose whether they want to purchase this benefit.[[4]](#footnote-4) New Hampshire only requires policyholders to purchase $1,000 worth of coverage, one-fifth of what is required under LD 1854. Moreover, New Hampshire does not require individuals to purchase auto insurance if they are able to demonstrate that they can provide sufficient funds to meet the New Hampshire Motor Vehicle Financial Responsibility Requirements in the event of an at-fault accident.[[5]](#footnote-5) Thus, MedPay coverage is not technically required to drive a vehicle in the Granite State, making Maine the only state to make it a condition to drive.

Put simply, The Maine Heritage Policy Center believes individuals should be able to choose whether or not they purchase MedPay coverage and how much they must pay. It is one thing to require coverage, but it is another to continue to make that requirement more expensive. We urge the committee to vote “Ought Not to Pass” on LD 1854.

1. <https://www.maine.gov/pfr/insurance/consumer/consumer_guides/pdf/consumers_guide_to_personal_auto_insurance.pdf> [↑](#footnote-ref-1)
2. Ibid. [↑](#footnote-ref-2)
3. <https://www.valuepenguin.com/medical-payments-car-insurance-coverage> [↑](#footnote-ref-3)
4. <https://www.insure.com/car-insurance/pip-medpay-coverage.html> [↑](#footnote-ref-4)
5. <https://www.nh.gov/insurance/consumers/documents/nh_auto_guide.pdf> [↑](#footnote-ref-5)