



THE MAINE HERITAGE POLICY CENTER

The Maine Heritage Policy Center Testimony on LD 109 “An Act To Create a Public Health Insurance Option”

Senator Sanborn, Representative Tepler, and members of the Committee on Health Coverage, Insurance and Financial Services, my name is Jacob Posik and I serve as Director of Communications at the Maine Heritage Policy Center. Thank you for the opportunity to speak in opposition to [LD 109](#).

The idea behind this bill is simple: To let any Maine resident enroll in the [State of Maine Health Plan](#), the government-sponsored and privately-administered health insurance program serving tens of thousands of government employees and [costing taxpayers \\$133 million in 2013](#). While The Maine Heritage Policy Center appreciates the intent to lower health insurance costs for Mainers, we believe this approach would be disastrous.

The State of Maine Health Plan is exceptionally generous compared to employer-sponsored plans in the private sector, making it an attractive option for potentially hundreds of thousands of non-public employees. The State of Maine Health Plan [pays 95 percent](#) of the premium for employees earning less than \$30,000 per year, 90 percent of the premium for employees earning \$30,000 to \$80,000 per year, and 85 percent for higher-income workers. That means that a state worker earning \$40,000 enrolled in a plus-one plan [paid \\$465 per month in premiums in 2017](#) -- less than many private sector employees.

And with [in-network deductibles of \\$600 for an individual and \\$1,200 for a family](#), the State of Maine Health Plan provides superior coverage to all but the best private-sector options.

The bill also omits vital information about how unemployed Mainers would be treated under this program. The State of Maine Health Plan currently operates, by definition, on the assumption that its members are government employees. By expanding eligibility to any Maine resident, tens of thousands of people who are either unemployed or out of the labor force entirely could enroll. How would the state's contribution to their insurance costs be calculated?

This bill does not create a “public option” to genuinely compete against private insurers. Instead, it proposes to create a public insurance program that is far more attractive and generous than what most private insurers -- or employers -- can match. The public option would undercut private firms and gain a significant share of the market, destabilizing Maine's health care system. And Maine taxpayers would foot the bill.

Incredibly, the bill is silent in providing a funding mechanism for what would be a significant increase in state expenditures.

The Government Accountability Office is [already warning](#) that states will face huge fiscal challenges unless they rein in spending on public health care programs. The massive government take-over of health care that this bill represents is exactly the wrong direction to be heading.

No state has enacted a public option, and for good reason. I urge you to oppose LD 109 and I thank you for your attention.