

Health Care Reform in Maine: A Work in Progress

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New York Times Editorial (6/19/03)



On Health Care, Maine Leads

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Outline



- How Dirigo Originated.
- Key Components of the Reform.
- Accomplishments to Date.
- Ongoing Challenges.

The Evolving Case for Action



- Within Public Sector
 - Year 2000 Blue Ribbon Commission to Study Health Care Costs created by Governor.
 - Portland City Referendum advancing the “Creation of a System of Universal Health Care”, passed 2001.
 - Legislature creates Health Services and Health Security Board, 2001.
 - The Speaker of House (D) and President of the Senate (R) sponsor separate small business and self employed reform bills, 2002.

The Evolving Case for Action (cont.)



- Within Public Sector
- Within Private Sector
 - Near collapse of private insurance markets.
 - Skyrocketing premium costs...in 10 years, per capita health care costs rose faster in Maine than any other State.
 - Evolving purchasing coalitions.
 - Sponsored white papers circulated widely.

The Evolving Case for Action (cont.)



- Within Public Sector
- Within Private Sector
- Within Provider Sector
 - Growing consolidation of hospital systems.
 - Single provider organizations for many specialty services.
 - A Certificate of Need (CON) process that simply was not working.

2002 Election Strategy

- The Maine electorate...independent, engaged and cantankerous.
- Lessons learned in the 1994 gubernatorial election.
- Candidate Baldacci's strategy for 2002... take health care issue away from the Green party.
- Candidate commits to comprehensive health reform.

Comprehensive Approach



- Access: Develop a program through which universal coverage can be achieved.
- Cost: Reduce health care costs through better allocation of resources.
- Quality: Advance the identification and promulgation of best practices and processes.

Dirigo Health: Achieving Access



- General Terms

- Voluntary program that is principally directed to small businesses and individuals.
- Comprehensive benefit plan with some beneficiary cost sharing.
- 75% participation of eligible employee's required.
- Eligibility extended to part time employees working 20 hrs/week.

Dirigo Health: Achieving Access



- General Terms
- Medicaid expansion
 - Up to 125% Federal Poverty Level (FPL) for non-categorical individuals and 200% FPL for parents.
 - Wrap around for employed beneficiaries.
- Non Medicaid up to 300% FPL
 - Premium subsidy.

Dirigo Health: Financing

- Employers must contribute up to 60% of aggregate cost...including Medicaid eligibles.
- Employer contributions are pooled with other resources to access federal Medicaid funds.
- Reduce bad debt and charity expenses.
- Recover “system savings” of up to 4% of aggregate annual premiums.
- No cost to State of Maine.

Managing Costs

- Biennial State Health Plan...annual state-wide expenditure budget.
- CON:
 - Immediate: Year long moratorium.
 - Long term: Annual capital budget and expanded scope.
- Increased oversight of insurance premiums.
- Greater price transparency to facilitate informed purchasing.
- Standardized claims forms and other efficiencies.

Enhancing Quality

- Identify and disseminate quality and performance measures.
- Identify and disseminate best practices and protocols.
- Consumer education.
- Coordinate data collection and reporting.

Other Major Items



- Public purchasers' steering group.
- High risk pool.
- Select provider networks.
- Medical liability.
- Veteran's health care.

Change Agents

- Legislature
 - Controlled by Democrats.
 - Compliant Republicans.
 - Joint Committee dedicated to this initiative.
- Consumer advocates.
- Business community.

Center of Resistance: Maine Hospital Association (MHA)

- Mandated limits on global revenue increases
 - Utilization.
 - Inadequate Medicare and Medicaid payments.
- Recovering bad debt and charity savings.
- Rural hospitals.

Overcoming Resistance



- Hospitals negotiate one year, voluntary caps on surpluses (3%) and expenses (3.5%)→

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Overcoming Resistance

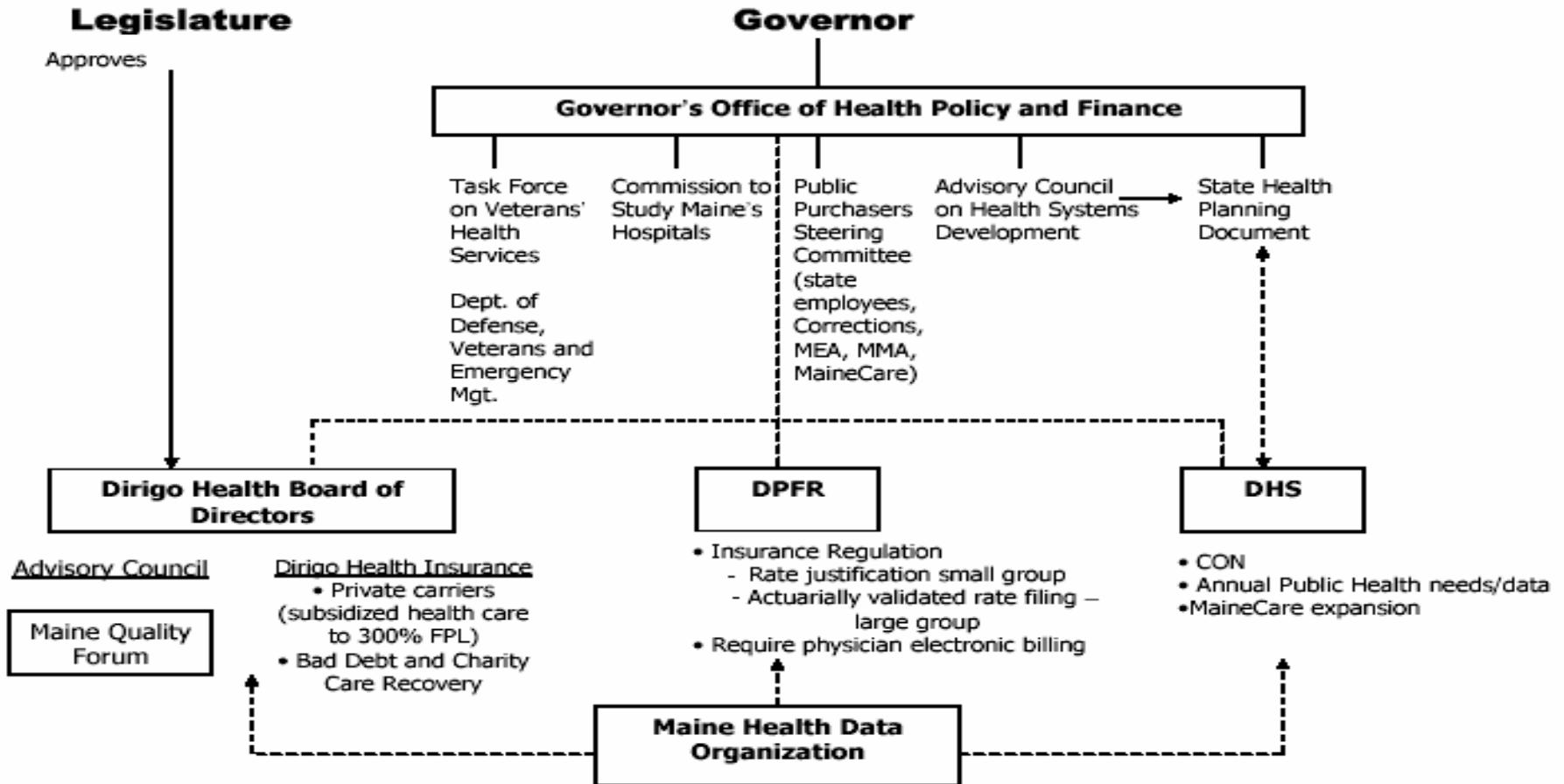
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- **\$53 million dollar first year infusion to “kick start” program.**

**Fast Forward Nine Months...
Where Are We Today**



Organizational Structure

DIRIGO HEALTH *Health Reform for Maine*



Accomplishments



- Most hospitals and some insurance companies agree to voluntary caps on cost growth.
- Identified teams and task forces are operational and active.
- Release of statewide hospital prices for most common inpatient procedures.

Accomplishments (cont)

- Dirigo infrastructure in place
 - Management team in place.
 - Product development.
 - Request for proposal.
- Benefit Plans, Price Points and Subsidy Structures Finalized.

Key Product Components

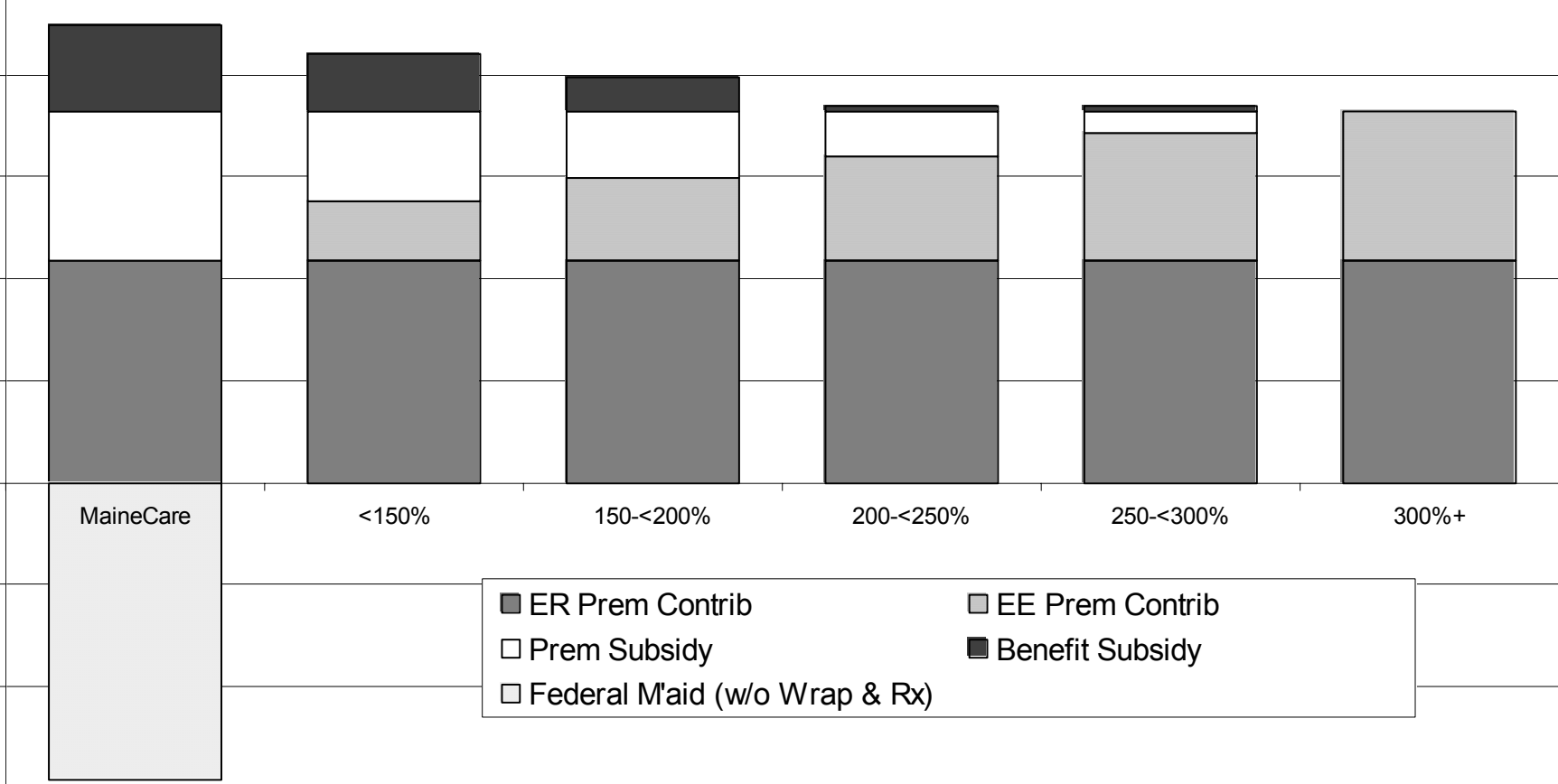
- Multiple Options:
 - \$1250/2500.
 - \$1750/\$3500.
 - Others???
- Subsidies Provided
 - Benefit levels (as low as \$250/\$500 deductible).
 - Premium contribution.
- Small Group Affordability: 60% of Single.

Cost Sharing Requirements

Wellness	Incentives
Preventive Care	None
Physician Office Visits Primary Care Specialist	\$15/visit \$25/visit
Pharmacy	\$10/25/40
All Other Inpatient & Outpatient Services	Deductible/Copay

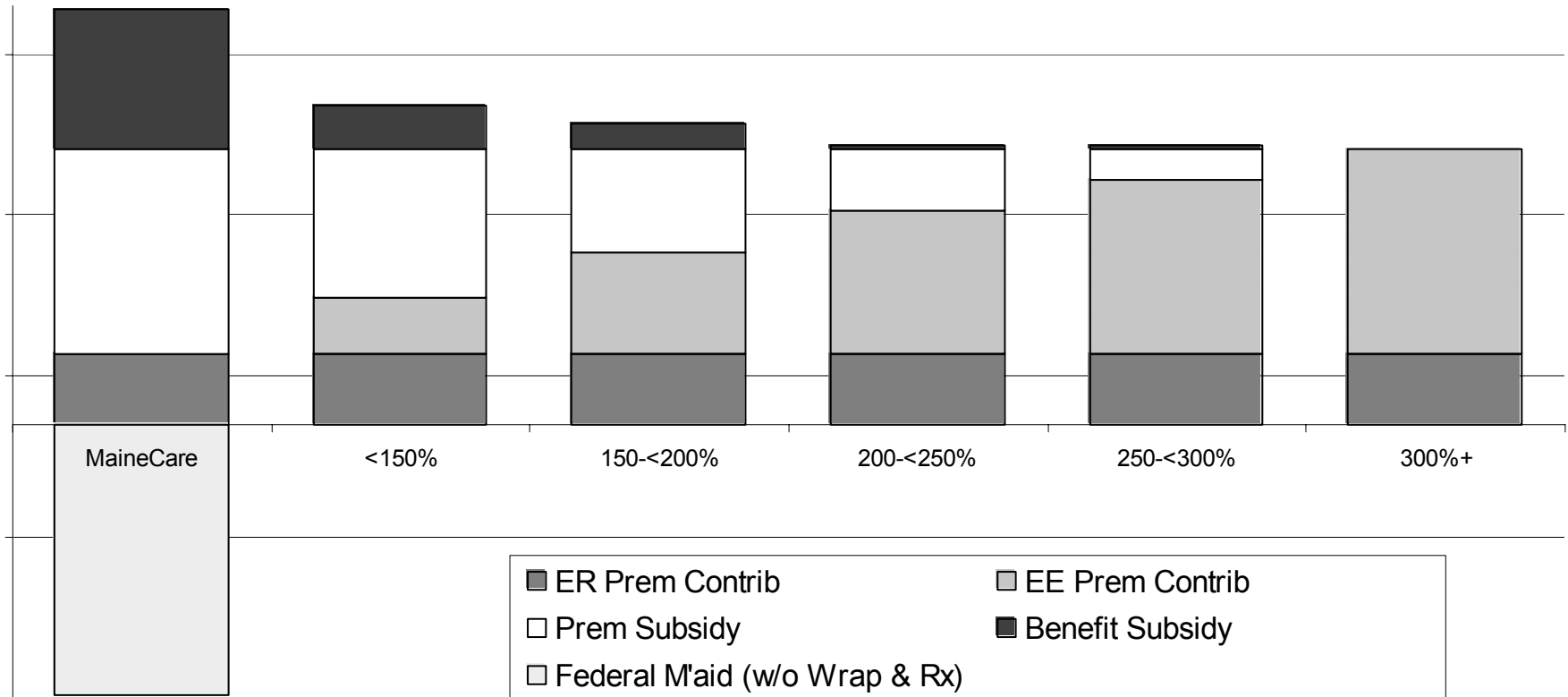
Benefit/Subsidy Approach

\$1250 Ded, 20%, \$4000 OOP Max: Small Group, Single (annual)



Benefit/Subsidy Approach

\$2500 Ded, 20%, \$8000 OOP Max: Small Group, Family (annual)



Implementation Challenges



- Dynamic Market
 - Higher Deductible Plans.
 - Innovative funding arrangements.
 - Successful Marketing of Dirigo
 - Overcoming misunderstandings.
 - Achieving small business take up.

Implementation Challenges



- Dynamic Market
- Medicaid
 - Within Maine
 - Budget Shortfalls.
 - Concern with Eligibility Expansion.
 - Accessing Dirigo start up capital.
 - CMS Discussions.

Implementation Challenges

- Dynamic Market.
- Medicaid Budget.
- Operational Linkages
 - DHS
 - Carriers
 - Other Suppliers.

Implementation Challenges



- Dynamic Market.
- Medicaid Budget.
- Operational Linkages.
- **Timelines**
 - July Start Date.
 - November Elections.

Future/Ongoing Challenges



- Enrollment
 - Number.
 - Mix.
- Savings Offset Payment.
- Managing Costs.

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