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MaineCare—A Provider Prospective

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COMMENTARY

MaineCare—A Provider Prospective

By Erik N. Steele

In his thoughtful article "Taking a New Look at MaineCare" in this issue of *Maine Policy Review*, Paul Saucier reviews the current status of Maine Medicaid (MaineCare) and some questions that must be answered in order to clarify MaineCare's role in any effort to provide all Mainers with health insurance. One question he does not ask, however, is how the difficult relationship between MaineCare and the health care provider community—hospitals, physicians, and other providers who are paid by MaineCare for services provided to its members—affects policy discussions about MaineCare. The expansion of MaineCare to help to achieve universal insurance in Maine probably cannot be successful without addressing that issue.

For many health care providers in this state, MaineCare is bitter medicine—it is necessary, but it goes down hard. Without it, one in five Mainers would probably have no health insurance, leaving many of them without routine medical care. As healers, we therefore give thanks for the access that MaineCare gives so many poor patients. As business people, however, we would rather have a migraine than our MaineCare problems.

The headache comes from MaineCare's sorry record as a payer for the services provided to its enrollees in recent years. It pays substantially less than cost for many services, and many physicians in Maine will not see additional MaineCare patients because reimbursement for their services is so poor. This limits not only the ability of future MaineCare expansions to actually get newly enrolled patients to physicians, but even the access of current enrollees. Getting a MaineCare patient to a dentist, for example, in communities without big, federally subsidized dental clinics is often impossible.

Inadequate reimbursement from MaineCare is one reason many Maine physicians have become employed by hospitals, because hospitals can guarantee their salaries and often get better reimbursement for MaineCare patients' services than do private physicians. The private practice of medicine is dead or dying in parts of Maine as a result of reimbursement and other problems.

MaineCare is in arrears to Maine hospitals by more than $500 million (one-third state money, two-thirds matching federal reimbursement) because MaineCare program enrollment expansions in the last several years were not matched by increased Prospective Intermittent Payments and year end settlement payments to hospitals for services provided to increasing numbers of MaineCare patients. The state is only now paying hospital bills for 2004 and will not have paid all of 2005 and 2006 hospital bills for MaineCare patients until state fiscal year 2010. In 2006 some Maine hospitals sued the state in order to get partial payment of overdue bills.

A plan to pay off this debt and avoid future long-term debts to hospitals was negotiated with the governor and approved by members of the House and Senate in the last session of the Maine Legislature, but compliance with the plan will require approval of a supplemental budget when the Legislature reconvenes early in 2008. Repayment requires a sustained political commitment in Augusta in the face of other budgetary pressures on the state. Because state budget surpluses will be a partial source of funds for repayment, every Maine hospital chief financial officer is probably holding his or her breath to see if the checks for past due MaineCare bills will really be in the mail until the debt is paid in full.

In yet another MaineCare payment performance problem, MaineCare's reimbursement computer system failures in the last two years have caused huge problems for providers of outpatient services, resulting in widespread delays in payment. Some providers had to borrow money to meet their payrolls when thousands of dollars in reimbursement owed to their practices were held up for months. While this computer mess has been largely fixed, a complete resolution is still at least another year away.

Given these multiple MaineCare reimbursement problems, the state will probably have to re-establish its credibility as a payer before the provider community will believe future MaineCare enrollment expansions will not result in the same reimbursement shortfalls caused by previous expansions. The influence of the provider community in health policy debates may therefore preclude any option to expand MaineCare as part of the way to universally insure Mainers for the next several years while trust is re-established.

Many have argued that while MaineCare has been a problematic payer, a patient with MaineCare is still better than the same patient with no insurance, and to some extent that is right. In the world of patients with either no insurance or MaineCare, health care providers are beggars trying to be choosers. On the other hand, a health care provider has options when a patient does not pay. However, providers have few options when the customer it would like to refer

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to the collection agency is the government of a state providing insurance for 300,000 people. Saying providers could do worse than MaineCare is a weak defense and little consolation.

The credibility of Maine's government as a payer has ramifications well beyond the simple but important issue of reimbursement, however. Under the leadership of Governor Baldacci, state government in Maine has become the engine of health care reform and health care system change, through the multiple components of its Dirigo Health Plan. The state has gotten directly into the business of providing health insurance (DirigoChoice), made the certificate of need process a vehicle for advancing its health care reform agenda, and gotten aggressively into the business of pushing for better quality of care (Maine Quality Forum). It has developed a state health plan to guide the development of policies designed to improve population health.

Maine state government's role as a leader of health care policy discussions in the state, however, cannot be separated from its role as MaineCare payer, and the leadership role carries with it the need for credibility. That means problems with state government credibility as a payer may lead directly to problems with its credibility as a health care system change leader. Put in stark terms, one can imagine a meeting of Maine health care system "powers that be" (insurers, state government officials, health care providers, employers, consumer advocates, etc.) in which state officials are taking the lead in discussions. Across the table representatives of the state's hospitals listen intently, but are unable to ignore the voice in their heads saying, "Yes, all of that makes sense, but aren't you the guys who owe us $500 million?"

One can similarly imagine insurers and employers, already unhappy with the savings offset payment formula being used to fund the DirigoChoice health insurance program, sitting there thinking that the failure of the state to pay its share of MaineCare health care costs is probably causing their shares of costs to increase.

Such credibility questions lead to uncertainty about what commitments state government can keep in health care policy discussions when it has been unable to keep its basic commitment to pay its MaineCare bills reliably in the last several years. This uncertainty then weakens state government in this leadership role. In turn, that weakening has tremendous ramifications for Maine because if state government does not credibly lead health care policy change debates in Maine it is unclear who will.

To date, no other potential leader of these debates has clearly emerged from among providers, business, insurance, or the public. If one did, it is uncertain they would have the combined convening, regulatory, representative, and payer authorities that the state brings to the head of the table. The business community has perhaps the greatest potential to fill such a role, but even it would have difficulty matching the potential influence of state government. At this stage, the state either leads health policy debates in Maine or there are few substantive debates at all.

There are no easy answers to these problems with MaineCare; if there were easy answers, we would never have seen the problems develop in the first place. Few in the provider community believe that MaineCare simply does not want to pay its bills, or enjoys its status as a problematic payer. Most of MaineCare's problems reflect tight state budgets, rapidly increasing health care costs, and our society's failure to have developed a universal insurance model at a national level. We have gotten into this mess in part because Maine's state government is trying to solve large social problems with limited solutions and limited dollars.

However, that understanding does not get MaineCare off the hook completely; only becoming a reliable payer will do that. Any discussion of the future of MaineCare and its role in helping Maine achieve universal insurance will also require that reliability. So will real leadership of that discussion by the government of the state of Maine.

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