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Final Report of the Health Care System and Health Security Board

Maine State Legislature

Office of Policy and Legal Analysis

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**STATE OF MAINE
122nd LEGISLATURE
SECOND REGULAR SESSION**

**Final Report
of the
HEALTH CARE SYSTEM &
HEALTH SECURITY BOARD**

January 2006

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Christine Zukas-Lessard

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Executive Summary

This is the final report of the Health Care System and Health Security Board, hereafter referred to as the Health Security Board. The Health Security Board was originally established in Public Law 2001, chapter 439, Part ZZZ and first convened in 2001. The purpose of the Health Security Board was to develop recommendations to provide universal access to health care coverage for all Maine citizens after assessing the feasibility and cost of implementing a single-payer health care system in Maine. The Health Security Board contracted with Mathematica Policy Research, Inc. to conduct the feasibility study, which was completed in December 2002. In January 2003, the Health Security Board submitted a preliminary report asking for more time to fully consider the feasibility study before making recommendations for the adoption of a single-payer health care plan. The Legislature extended the Health Security Board's authority and delayed submission of a final report until November 2004.

However, also during the 2003 legislative session, the Legislature enacted the Dirigo Health reform law (Public Law 2003, chapter 492). Because Dirigo Health was developed to achieve universal coverage over time, the Health Security Board now faced a changing landscape for Maine's health care system. The Health Security Board's primary focus became the consideration of its future role and the role of a single-payer health care plan as Dirigo Health began to implement its comprehensive health care reforms. Given this health care reform initiative and changes in the political landscape, the Health Security Board submitted its final report in November 2004 without making a recommendation on a single-payer health care system. Instead, the Health Security Board recommended the Legislature reestablish the Health Security Board to continue the evaluation and planning for a single-payer health system if Dirigo Health failed to meet its expectations for universal coverage. In response to the Health Security Board's recommendation, the 122nd Legislature reestablished the Health Security Board, but limited the scope of the Health Security Board's authority. The resolve directs the Health Security Board "to finalize its recommendations regarding the feasibility of a single-payer health plan to provide health care coverage to all citizens of this State."

While the enabling legislation states that the Health Security Board's "sole purpose" is to finalize its recommendations regarding the feasibility of a single-payer health plan, the Health Security Board felt it was important to focus as well on whether or not the State's efforts to achieve universal coverage have been successful. An evaluation of both the operation of the Dirigo Health Program and the expansion of MaineCare became key in determining whether the Health Security Board would recommend that Maine pursue and implement a single-payer health care plan as the mechanism to achieve universal coverage. The Health Security Board believes that Maine's policymakers have made a conscious decision to expand access to health care coverage for Maine's uninsured on two fronts---the voluntary DirigoChoice health insurance program and the expansion of the State's MaineCare program. While ongoing funding for each of these programs presents certain challenges, the current administration appears committed to this approach.

The Health Security Board makes the following findings and recommendation.

Universal coverage remains the Health Security Board’s highest priority—every man, woman and child living in Maine must have health care coverage.

In its preliminary report, the Health Security Board identified universal coverage as its primary goal and priority. Although the Legislature has directed the Health Security Board to evaluate the single-payer model as the proposed mechanism for providing universal coverage, the Health Security Board can support reforms or policies that will result in health care coverage for all Maine residents, especially those that are currently uninsured. The Health Security Board is not necessarily wedded to a single-payer model, but the Board remains committed to making universal coverage a reality.

While Health Security Board, with the exception of one member, continues to believe that a single-payer health plan seems feasible, the Health Security Board finds that implementation of a single-payer health plan at this time is unlikely.

While, in the Health Security Board’s opinion, the Mathematica feasibility study provided an excellent foundation to evaluate the likely impact of a single-payer health care system on health care spending and financing in Maine, the Health Security Board identified certain unanswered questions and unexplored issues related to planning for a single-payer health care plan. The feasibility study provided an initial assessment of how a single-payer system will affect Maine’s economy. However, the microsimulation model had limitations that would benefit from additional analysis and refinement. In addition, the model and the feasibility study did not address many practical and policy issues affecting the operation of a single-payer system. Foremost among these issues, it is unclear how a State could implement such a system on its own and still maintain the same level of federal funding for Medicare, MaineCare, military employees and federal employees without approval of a waiver from the federal government. The Health Security Board continues to believe it is critically important to evaluate these issues before a single-payer health care plan can be implemented.

Further, the Health Security Board recognizes that the political and economic reality that a single-payer health care system is not likely to be implemented in Maine in the near future. The current burden on Maine’s taxpayers is significant and there are many competing interests for additional funding from the State budget. Although many proposals for change to Maine’s health insurance market have been proposed, the Legislature has not pursued significant reform of the way health care is delivered in this State. The Dirigo Health reforms and the MaineCare expansions show promise and are making progress, albeit slowly, toward health care coverage for Maine’s uninsured, but will require additional funding to provide coverage for all of the uninsured.

The Health Security Board, with the exception of one member, supports the State’s efforts to achieve universal coverage through the operation of the Dirigo Health Program and the expansion of the MaineCare program, but believes the current

timeline toward universal coverage must be accelerated so that all of the uninsured in Maine have coverage by 2009.

The Health Security Board, with the exception of one member, supports the State's efforts to achieve universal coverage through DirigoChoice and expansion of MaineCare. The next year of operation for Dirigo is critical as the savings offset payment is expected to contribute funding for the program to support premium subsidies and expanded enrollment. Originally, the administration projected incremental enrollment in DirigoChoice enrollees with a goal of reaching universal coverage for all uninsured Mainers in 2009. To date, however, enrollment figures have been lower than expected, especially among small businesses. Additional efforts are needed to increase enrollment in DirigoChoice among small businesses, sole proprietors and individuals. Estimates for the uninsured in Maine remain at more than 130,000. The Health Security Board believes that a renewed commitment to universal coverage is needed. The expansion of the MaineCare program has worked in combination with the Dirigo Health Program to increase access to health care. The federal matching funds under this program make it an attractive option for the State if the State can provide its share of the financing. While progress is being made, the State's policymakers should recommit to reaching universal coverage within 5 years---the original goal when the Dirigo Health reforms were passed in 2003---and commit to making the necessary policy decisions to meet this goal by 2009.

The Health Security Board recommends that the State's policymakers and the Legislature consider additional mechanisms to expand access to health care coverage for Maine residents including, but not limited to, expanding eligibility and participation in the DirigoChoice program and exploring regional partnerships to purchase health care coverage.

The Health Security Board believes that more can be done to expand access to affordable health care. The Health Security Board recommends that the State's policymakers explore additional mechanisms to expand access. Some of the policy options that should be strongly considered include expanding participation in the DirigoChoice Program through expanded eligibility or by requiring publicly funded health care plans like the State Employee Health Plan and the health plan for the University of Maine System to join Dirigo, and exploring regional partnerships to purchase health care coverage with other New England states similar to regional efforts relating to prescription drug coverage. Before implementing any of these options, the State should carefully evaluate their feasibility and impact on current collective bargaining arrangements and publicly funded health plans. The State should not be content with the current timeline for reaching universal coverage. Policymakers should consider improvements to DirigoChoice, changes to the health insurance laws and other approaches to expand access to health care.

In conclusion, the Health Security Board strongly believes that it has made a positive contribution to the dialogue among policymakers and others surrounding reform of Maine's health care system. In part, the development of Dirigo Health was based on

information and research from the Health Security Board's preliminary report and feasibility study. Although the current approach to universal health care coverage is not based on a single-payer health plan model, the Health Security Board is hopeful that the ultimate goal---coverage for all Mainers---will be achieved by 2009. If universal coverage is not achieved in 2009, the Health Security Board believes that the implementation of a single-payer health plan must be reconsidered.

I. Introduction

This is the final report of the Health Care System and Health Security Board, hereafter referred to as the Health Security Board. The Health Security Board was established in Public Law 2001, chapter 439, Part ZZZ. The Health Security Board was first convened on October 12, 2001 and met more than 20 times throughout 2002. While the purpose of the Health Security Board was to develop recommendations to provide universal access to health care coverage for all Maine citizens, the Health Security Board was specifically required to assess the feasibility and cost of implementing a single-payer health care system in Maine. Such a system would provide universal health care coverage to every Maine resident through a standard benefit plan administered and paid for by a single payer, the State of Maine. With the assistance of a significant grant from the Maine Health Access Foundation and funding from the Maine State Nurses Association, the Maine Nurse Practitioners Association, the Maine chapter of Certified Nurse Midwives Association and the American Association of Registered Nurses in California, New York, Pennsylvania and Massachusetts, the Health Security Board contracted with Mathematica Policy Research, Inc. to conduct the feasibility study. This study was completed in December 2002. The Health Security Board issued its preliminary report on January 15, 2003. In its preliminary report, the Health Security Board recommended to the Legislature that the Health Security Board be given additional time to fully consider the Mathematica feasibility study and develop final recommendations for a single-payer health plan.

During the 2003 legislative session, a law was enacted to extend the Health Security Board's authority and delay submission of a final report. Also during that session, the Legislature enacted the Dirigo Health reform law (Public Law 2003, chapter 492). Because Dirigo Health was developed to achieve universal coverage over time, the Health Security Board now faced a changing landscape for Maine's health care system. The Health Security Board's primary focus became the consideration of its future role and the role of a single-payer health care plan as Dirigo Health began to implement its comprehensive health care reforms. Given this health care reform initiative and changes in the political landscape, the Health Security Board submitted its final report in November 2004 without making a recommendation on a single-payer health care system. Instead, the Health Security Board recommended the Legislature reestablish the Health Security Board to continue the evaluation and planning for a single-payer health system if Dirigo Health failed to meet its expectations for universal coverage. In response to the Health Security Board's recommendation, the 122nd Legislature reestablished the Health Security Board, but limited the scope of the Health Security Board's authority. Resolve 2005, chapter 119 is included as Appendix A. The resolve directs the Health Security Board "to finalize its recommendations regarding the feasibility of a single-payer health plan to provide health care coverage to all citizens of this State."

The Health Security Board, chaired by Senator John Martin and Representative Marilyn Canavan, is a bipartisan task force with 20 members including representatives of both branches and both parties within the Legislature, the Department of Health and Human Services, the State Employee Health Commission and the State Tax Assessor and representatives of provider organizations, employers, insurers and advocacy groups. Due to resignations, there are currently 4 vacant positions. The members of the Health Security Board and their appointing authorities are as follows:

Members appointed by the President of the Senate:

- **Sen. John L. Martin, Chair**
- **Sen. Richard Rosen**, Senate member
- **Robert Downs**, Representing Statewide Organizations of Health Insurers
- **Tammy Greaton**, Representing Statewide Organization Advocating Universal Health Care
- **Hilary Schneider**, Representing Health Care Economists
- **Marjorie Medd**, Representing Statewide Organizations Defending Rights of Children
- **Vacant position**, Representing Small Hospitals in the State
- **Vacant position**, Representing Statewide Organizations of Physicians

Members appointed by the Speaker of the House:

- **Rep. Marilyn C. Canavan**, Chair
- **Rep. John T. Brautigam**, House Member
- **James Amaral**, Representing the Business Community
- **Vacant position**, Representing Large Hospitals in the State
- **John Moran**, Representing Statewide Senior Citizen's Organizations
- **Frank O'Hara**, Representing Self-employed Persons
- **Patricia Philbrook**, Representing Statewide Organization of Nurses
- **Vacant position**, Representing Statewide Labor Organizations, Maine AFLCIO
- **Paul Volenik**, Representing the public

Appointments required by statute:

- **Frank A. Johnson**, Director, State Office of Employee Health and Benefits
- **Jerome Gerard**, Acting State Tax Assessor
- **Christine Zukas-Lessard**, Deputy Director, Bureau of Medical Services, Designee of the Commissioner of Health and Human Services

The Health Security Board wants to acknowledge the significant contributions of those members who have previously served on the Health Security Board: the Honorable Mary Small, the Honorable Florence Young, Howard Buckley, Beth Kilbreth, Victoria Kuhn, Anthony Neves, Violet Raymond, Leo Siegel and Richard Wexler.

The Health Security Board met three times on October 11, 2005, November 14, 2005 and December 2, 2005. At its meeting on October 11th, the Health Security Board reviewed its history and prior reports, findings and recommendations. The meeting also included a briefing on the status of the Dirigo Health reforms from the Governor's Office of Health Policy and Finance. On November 14th, the Health Security Board heard a presentation comparing the Canadian health care system and the United States system by Dr. Gordon Guyatt, a physician and professor at McMaster University in Ontario, Canada. At that time, the Health Security Board also decided to focus on an analysis of Maine's current efforts to achieve universal coverage before developing any recommendations regarding a single-payer health plan. When the Health Security Board met on December 2nd, they received information on the State's Dirigo Health and MaineCare programs. And the Health Security Board discussed the findings and recommendations to be included in this report.

Resolve 2005, chapter 119 requires that the Health Security Board submit a final report, including any suggested legislation, on or before December 7, 2005 to the Legislature. The resolve also gives authority to the Joint Standing Committee on Insurance and Financial Services to report out a bill based on the Health Security Board's report and recommendations to the Second Regular Session of the 122nd Legislature.

II. History of the Health Care System and Health Security Board

A. Initial Creation

The Health Care System and Health Security Board was created by the Maine Legislature in 2001 to assess the feasibility and cost of implementing a single-payer health care system in Maine. The Legislature opted to study this issue when LD 1277, An Act to Establish a Single-payor Health Care System, which was enacted in the House of Representatives, was not removed from the Special Appropriations Table and died upon adjournment of the First Regular Session of the 120th Legislature. Legislative language to establish the Health Security Board was added to the Part II budget, Public Law 2001, chapter 439, Part ZZZ.

As outlined in the enabling legislation, the purpose of the Health Security Board was “to develop recommendations to provide health care coverage to all citizens of this State through a plan or plans that emphasize 24-hour coverage, quality, cost containment, choice of provider and access to comprehensive, preventive and long-term care.” In addition, the Health Security Board was asked to:

- Examine prior studies in Maine and other States;
- Determine the savings that might be realized from a single-payor health care system by hospitals, schools and correctional facilities and other lines of insurance that pay for health care services, including automobile insurance, general liability insurance and workers’ compensation insurance;
- Develop a proposal to implement a single-payer plan and make recommendations related to standards for eligibility, covered benefits and health care services, health care delivery throughout the State, provider participation and reimbursement, and the role of federal health care programs and ERISA plans;
- Examine funding for the single-payor plan from a combination of sources, including payments from government sources, including federal, state and other governmental health care and aid programs; payments from workers’ compensation, pension and health insurance employee benefit plans; payments from state, county and municipal governmental units for coverage; payments from tobacco settlement funds; and payments from any taxes or fees;
- Conduct a feasibility study of the economic impacts on individuals and businesses of a single-payor plan that guarantees a minimum 5% savings over existing health care costs and the impact of such a plan on the State’s economy;
- Stress prevention of disease and maintenance of health in developing proposals to implement the single-payer plan and attempt to retain and strengthen existing health facilities whenever possible in developing those proposals; and
- Examine any other issues or gather information necessary to fulfill its purpose and duties.

B. Preliminary Report

The Health Security Board, chaired by Sen. John Martin and Rep. Paul Volenik, was convened in October 2001 and met more than 20 times throughout 2002. From its inception, the Health Security Board focused its efforts on its mandate to conduct a

feasibility study of the economic impact on individuals and businesses of a single-payer plan that guarantees a minimum 5% savings over existing health care costs and that addresses the potential positive or negative impact of the plan on the State's economy. The Health Security Board raised more than \$234,000 to support the costs of the study--- primary funding came from a \$200,000 grant from the Maine Health Access Foundation and more than \$34,000 was raised from contributions from the Maine State Nurses Association, the Maine Nurse Practitioners Association, the Maine chapter of Certified Nurse Midwives Association and the American Association of Registered Nurses chapters in California, New York, Pennsylvania and Massachusetts. The Health Security Board contracted with Mathematica Policy Research, Inc., a national health care consulting firm, to conduct the study and develop a microsimulation model to project the financial and economic impact of a single-payer health care plan designed by the Health Security Board. Mathematica completed the feasibility study in December 2002. The complete feasibility study prepared by Mathematica, including documentation of the microsimulation model, its assumptions and sensitivity analyses, and its results projecting the costs of a single-payer health plan, is included here as Appendix C.

On January 15, 2003, the Health Security Board submitted its preliminary report to the Legislature with the following findings and recommendations:

The Health Security Board supports universal coverage for all Maine citizens--- every man, woman and child living in this State deserves comprehensive health care coverage.

The Health Security Board finds that maintaining the "status quo" for Maine's health care system cannot be sustained.

While additional information and further analysis is needed, the Health Security Board finds that a single-payer health care system providing universal coverage appears to be financially feasible.

The Health Security Board recommends that the Legislature authorize the Health Security Board to continue its work until January 1, 2004 to refine and extend the financial feasibility study and to develop a transition and implementation plan for achieving universal coverage through a single-payer health care system in Maine.

The Health Security Board's preliminary report is included as Appendix B.

C. Final Report

In its preliminary report, the Health Security Board recommended to the Legislature that the Health Security Board be given additional time to fully consider the Mathematica feasibility study and develop final recommendations for a single-payer health plan. Following the Health Security Board's recommendation, the Legislature authorized the Health Security Board to continue its work and submit a final report by November 1, 2004. Also during that session, the Legislature enacted the Dirigo Health reform law

(Public Law 2003, chapter 492). The law focused on three areas to reform Maine's health care system: (1) a mechanism to increase access to health care for all Maine residents;(2) measures to ensure quality of care; and (3) measures to contain rising health care costs. The cornerstone of the law was the creation of the Dirigo Health Agency, a public agency charged with overseeing a voluntary health insurance program for small businesses, self-employed persons and individuals. Because Dirigo Health was developed to achieve universal coverage over time, the Health Security Board now faced a changing landscape for Maine's health care system. The Health Security Board's primary focus became the consideration of its future role and the role of a single-payer health care plan as Dirigo Health began to implement its comprehensive health care reforms.

As part of the Act, the DirigoChoice health insurance program was created to provide access to health coverage for individuals and small businesses. DirigoChoice's goal was to provide universal coverage incrementally with all of Maine's uninsured (approximately 136,000) covered by 2009. Given this health care reform initiative and changes in the political landscape, the Health Security Board submitted its final report in November 2004 without making a final recommendation on a single-payer health care system. Instead, the Health Security Board made the following recommendation:

The Health Security Board recommends that the Legislature reestablish the Health Security Board's authority to continue the evaluation and planning for a single-payer system if Dirigo Health fails to meet its expectations for universal coverage.

The Health Security Board submitted legislation to the 122nd Legislature that proposed to authorize the Health Security Board to meet, as needed, through the next biennium. The Health Security Board's final report is included as Appendix D.

D. Resolve 2005, Chapter 119

With the passage of this resolve, the Legislature reestablished the Health Security Board, but limited the scope of the Health Security Board's authority. Although the original legislation would have authorized the Health Security Board to act through the end of 2006, the resolve was amended in committee to direct the Health Security Board to "finalize its recommendations regarding the feasibility of a single-payer health care plan to provide health care coverage to all citizens of this State." The resolve further restricted the Health Security Board's activities and prohibited the Health Security Board from seeking outside funding. Also, the Health Security Board may not submit its own legislation, but may make recommendations, including proposed legislation, to the Joint Standing Committee on Insurance and Financial Services.

III. Health Security Board's Scope and Focus: Progress Toward Universal Coverage

While the enabling legislation states that the Health Security Board's "sole purpose" is to finalize its recommendations regarding the feasibility of a single-payer health plan, the Health Security Board felt it was important to focus as well on whether or not the State's efforts to achieve universal coverage have been successful. An evaluation of both the operation of the Dirigo Health Program and the expansion of MaineCare became key in determining whether the Health Security Board would recommend that Maine pursue and implement a single-payer health care plan as the mechanism to achieve universal coverage.

With the enactment of the Dirigo Health Act in 2003, Maine's policymakers have made a conscious decision to expand access to health care coverage for Maine's uninsured on two fronts---the voluntary DirigoChoice health insurance program and the expansion of the State's MaineCare program. While ongoing funding for each of these programs presents certain challenges, the current administration appears committed to this approach.

A. Dirigo Health Program

Under the law, Dirigo Health must contract with one or more health insurance carriers to offer health insurance to eligible small businesses with 50 or fewer employees and individuals. Dirigo Health has contracted with Anthem Blue Cross and Blue Shield of Maine to provide the DirigoChoice health plan. DirigoChoice is a comprehensive health insurance product that uses Anthem's current network of preferred providers. DirigoChoice began offering coverage on January 1, 2005 to small employers with 50 or fewer employees and to self-employed individuals. Limited enrollment of other eligible individuals and their dependents began on April 1, 2005. Through the 3rd quarter of operation, the DirigoChoice program had a total of 7115 enrollees, 22% individuals, 32% sole proprietors and 46% small businesses. As a result of the MaineCare expansion, 3766 parents have been enrolled directly in MaineCare.¹ In January, more than 3000 prospective members on a waiting list are expected to begin enrolling in the program. There is no cap on individual enrollment in DirigoChoice's second year of operation.

Employers who participate in DirigoChoice are required to contribute at least 60% toward the cost of coverage for employees who work at least 20 hours per week. Participating employers must enroll at least 75% of their eligible employees. Discounts toward the cost of coverage and reduced deductibles and out-of-pocket maximum costs will be made available to eligible employees and individuals whose household earnings are below 300% of the federal poverty level.

Recently, the Superintendent of Insurance ruled that \$43.7 million in savings had been achieved as a result of the operation of Dirigo Health and the expansion of the MaineCare

¹ Dirigo Health Agency 3rd Quarter Report to the Legislature, October 25, 2005.

program. Although this decision has been appealed to the Superior Court, the Dirigo Health Board of Directors has voted to use the full amount of the savings as the target amount for the savings offset payment assessment. The savings offset payment is an assessment on paid claims of insurance carriers, third-party administrators and employee benefit excess insurers. By law, the total amount of the assessment cannot exceed the aggregate measurable cost savings achieved as a result of the operation of Dirigo Health and the MaineCare expansion. For 2006, the maximum amount is \$43.7 million. In addition, the savings offset payment may not exceed 4% of paid claims. This funding will support the costs of the program and the Maine Quality Forum and the State's share of the MaineCare expansion. In 2006, the Dirigo Health Agency projects that enrollment in Dirigo Choice will total more than 10,000 members and more than 10,000 parents will be enrolled through the MaineCare expansion.²

B. MaineCare Program

MaineCare is the State's Medicaid program. Medicaid is a joint state-federal health insurance program. Under the program, each state has certain flexibility within federal law regarding eligibility, covered services, limitations on services and reimbursement levels for providers. Federal funding to support the program is based on a formula that compares a State's growth in per capita income relative to growth in national per capita income. Currently, the federal match for Maine's program is approximately 65%. For each dollar spent by the State, the federal government contributes almost 2 dollars. Since 1998, MaineCare enrollment has been increased by more than 55% as the Legislature has expanded eligibility. Current enrollment for all populations exceeds 300,000.³ The Dirigo Health Act increased eligibility for parents with children with incomes at 200% or below the federal poverty level. Other expansions of the program have extended coverage to children up to 200% of the federal poverty level, and to so-called non-categorical adults (single with no dependent children) up to 100% of the federal poverty level. The Dirigo Health Act also authorized other MaineCare expansions of eligibility which have not yet been implemented.

IV. Health Security Board's Findings and Recommendation

The Health Security Board makes the following findings and recommendation.

Universal coverage remains the Health Security Board's highest priority—every man, woman and child living in Maine must have health care coverage.

In its preliminary report, the Health Security Board identified universal coverage as its primary goal and priority. Although the Legislature has directed the Health Security Board to evaluate the single-payer model as the proposed mechanism for providing

² Presentation to Dirigo Health Agency Board of Directors, Karynlee Harrington, Executive Director, November 22, 2005 Meeting.

³ Written presentation to Health Security Board, Maine Department of Health and Human Services, Michael Hall, December 2, 2005.

universal coverage, the Health Security Board can support reforms or policies that will result in health care coverage for all Maine residents, especially those that are currently uninsured. The Health Security Board is not necessarily wedded to a single-payer model, but remains committed to making universal coverage a reality.

While Health Security Board, with the exception of one member, continues to believe that a single-payer health plan seems feasible, the Health Security Board finds that implementation of a single-payer health plan at this time is unlikely.

While, in the Health Security Board's opinion, the Mathematica feasibility study provided an excellent foundation to evaluate the likely impact of a single-payer health care system on health care spending and financing in Maine, the Health Security Board identified certain unanswered questions and unexplored issues related to planning for a single-payer health care plan. The feasibility study provided an initial assessment of how a single-payer system will affect Maine's economy. However, the microsimulation model had limitations that would benefit from additional analysis and refinement. In addition, the model and the feasibility study did not address many practical and policy issues affecting the operation of a single-payer system. Foremost among these issues, it is unclear how a State could implement such a system on its own and still maintain the same level of federal funding for Medicare, MaineCare, military employees and federal employees without approval of a waiver from the federal government. The Health Security Board continues to believe it is critically important to evaluate these issues before a single-payer health care plan can be implemented.

Further, the Health Security Board recognizes that the political and economic reality that a single-payer health care system is not likely to be implemented in Maine in the near future. The current burden on Maine's taxpayers is significant and there are many competing interests for additional funding from the State budget. Although many proposals for change to Maine's health insurance market have been proposed, the Legislature has not pursued significant reform of the way health care is delivered in this State. The Dirigo Health reforms and the MaineCare expansions show promise and are making progress, albeit slowly, toward health care coverage for Maine's uninsured, but will require additional funding to provide coverage for all of the uninsured.

The Health Security Board, with the exception of one member, supports the State's efforts to achieve universal coverage through the operation of the Dirigo Health Program and the expansion of the MaineCare program, but believes the current timeline toward universal coverage must be accelerated so that all of the uninsured in Maine have coverage by 2009.

The Health Security Board, with the exception of one member, supports the State's efforts to achieve universal coverage through DirigoChoice and expansion of MaineCare. The next year of operation for Dirigo is critical as the savings offset payment is expected to contribute funding for the program to support premium subsidies and expanded enrollment. Originally, the administration projected incremental enrollment in DirigoChoice enrollees with a goal of reaching universal coverage for all uninsured

Mainers in 2009. To date, however, enrollment figures have been lower than expected, especially among small businesses. Additional efforts are needed to increase enrollment in DirigoChoice among small businesses, sole proprietors and individuals. Estimates for the uninsured in Maine remain at more than 130,000. The Health Security Board believes that a renewed commitment to universal coverage is needed. The expansion of the MaineCare program has worked in combination with the Dirigo Health Program to increase access to health care. The federal matching funds under this program make it an attractive option for the State if the State can provide its share of the financing. While progress is being made, the State's policymakers should recommit to reaching universal coverage within 5 years---the original goal when the Dirigo Health reforms were passed in 2003---and commit to making the necessary policy decisions to meet this goal by 2009.

The Health Security Board recommends that the State's policymakers and the Legislature consider additional mechanisms to expand access to health care coverage for Maine residents including, but not limited to, expanding eligibility and participation in the DirigoChoice program and exploring regional partnerships to purchase health care coverage.

The Health Security Board believes that more can be done to expand access to affordable health care. The Board recommends that the State's policymakers explore additional mechanisms to expand access. Some of the policy options that should be strongly considered include expanding participation in the DirigoChoice Program through expanded eligibility or by requiring publicly funded health care plans like the State Employee Health Plan and the health plan for the University of Maine System to join Dirigo, and exploring regional partnerships to purchase health care coverage with other New England states similar to regional efforts relating to prescription drug coverage. Before implementing any of these options, the State should carefully evaluate their feasibility and impact on current collective bargaining arrangements and publicly funded health plans. The State should not be content with the current timeline for reaching universal coverage. Policymakers should consider improvements to DirigoChoice, changes to the health insurance laws and other approaches to expand access to health care.

V. Conclusion

The Health Security Board strongly believes that it has made a positive contribution to the dialogue among policymakers and others surrounding reform of Maine's health care system. In part, the development of Dirigo Health was based on information and research from the Health Security Board's preliminary report and feasibility study. Although the current approach to universal health care coverage is not based on a single-payer health plan model, the Health Security Board is hopeful that the ultimate goal---coverage for all Mainers---will be achieved by 2009. If universal coverage is not achieved in 2009, the Health Security Board believes that the implementation of a single-payer health plan must be reconsidered.

APPENDIX A:

Resolve 2005, chapter 119

APPENDIX B:

Preliminary Report Issued January 15, 2003

APPENDIX C:

**Mathematica Feasibility Study
December 2002**

APPENDIX D:

Final Report Issued November 1, 2004

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**Executive Summary
of the Final Report of the
HEALTH CARE SYSTEM &
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January 2006

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Executive Summary

This is the final report of the Health Care System and Health Security Board, hereafter referred to as the Health Security Board. The Health Security Board was originally established in Public Law 2001, chapter 439, Part ZZZ and first convened in 2001. The purpose of the Health Security Board was to develop recommendations to provide universal access to health care coverage for all Maine citizens after assessing the feasibility and cost of implementing a single-payer health care system in Maine. The Health Security Board contracted with Mathematica Policy Research, Inc. to conduct the feasibility study, which was completed in December 2002. In January 2003, the Health Security Board submitted a preliminary report asking for more time to fully consider the feasibility study before making recommendations for the adoption of a single-payer health care plan. The Legislature extended the Health Security Board's authority and delayed submission of a final report until November 2004.

However, also during the 2003 legislative session, the Legislature enacted the Dirigo Health reform law (Public Law 2003, chapter 492). Because Dirigo Health was developed to achieve universal coverage over time, the Health Security Board now faced a changing landscape for Maine's health care system. The Health Security Board's primary focus became the consideration of its future role and the role of a single-payer health care plan as Dirigo Health began to implement its comprehensive health care reforms. Given this health care reform initiative and changes in the political landscape, the Health Security Board submitted its final report in November 2004 without making a recommendation on a single-payer health care system. Instead, the Health Security Board recommended the Legislature reestablish the Health Security Board to continue the evaluation and planning for a single-payer health system if Dirigo Health failed to meet its expectations for universal coverage. In response to the Health Security Board's recommendation, the 122nd Legislature reestablished the Health Security Board, but limited the scope of the Health Security Board's authority. The resolve directs the Health Security Board "to finalize its recommendations regarding the feasibility of a single-payer health plan to provide health care coverage to all citizens of this State."

While the enabling legislation states that the Health Security Board's "sole purpose" is to finalize its recommendations regarding the feasibility of a single-payer health plan, the Health Security Board felt it was important to focus as well on whether or not the State's efforts to achieve universal coverage have been successful. An evaluation of both the operation of the Dirigo Health Program and the expansion of MaineCare became key in determining whether the Health Security Board would recommend that Maine pursue and implement a single-payer health care plan as the mechanism to achieve universal coverage. The Health Security Board believes that Maine's policymakers have made a conscious decision to expand access to health care coverage for Maine's uninsured on two fronts---the voluntary DirigoChoice health insurance program and the expansion of the State's MaineCare program. While ongoing funding for each of these programs presents certain challenges, the current administration appears committed to this approach.

The Health Security Board makes the following findings and recommendation.

Universal coverage remains the Health Security Board’s highest priority—every man, woman and child living in Maine must have health care coverage.

In its preliminary report, the Health Security Board identified universal coverage as its primary goal and priority. Although the Legislature has directed the Health Security Board to evaluate the single-payer model as the proposed mechanism for providing universal coverage, the Health Security Board can support reforms or policies that will result in health care coverage for all Maine residents, especially those that are currently uninsured. The Health Security Board is not necessarily wedded to a single-payer model, but remains committed to making universal coverage a reality.

While Health Security Board, with the exception of one member, continues to believe that a single-payer health plan seems feasible, the Health Security Board finds that implementation of a single-payer health plan at this time is unlikely.

While, in the Health Security Board’s opinion, the Mathematica feasibility study provided an excellent foundation to evaluate the likely impact of a single-payer health care system on health care spending and financing in Maine, the Health Security Board identified certain unanswered questions and unexplored issues related to planning for a single-payer health care plan. The feasibility study provided an initial assessment of how a single-payer system will affect Maine’s economy. However, the microsimulation model had limitations that would benefit from additional analysis and refinement. In addition, the model and the feasibility study did not address many practical and policy issues affecting the operation of a single-payer system. Foremost among these issues, it is unclear how a State could implement such a system on its own and still maintain the same level of federal funding for Medicare, MaineCare, military employees and federal employees without approval of a waiver from the federal government. The Health Security Board continues to believe it is critically important to evaluate these issues before a single-payer health care plan can be implemented.

Further, the Health Security Board recognizes that the political and economic reality that a single-payer health care system is not likely to be implemented in Maine in the near future. The current burden on Maine’s taxpayers is significant and there are many competing interests for additional funding from the State budget. Although many proposals for change to Maine’s health insurance market have been proposed, the Legislature has not pursued significant reform of the way health care is delivered in this State. The Dirigo Health reforms and the MaineCare expansions show promise and are making progress, albeit slowly, toward health care coverage for Maine’s uninsured, but will require additional funding to provide coverage for all of the uninsured.

The Health Security Board, with the exception of one member, supports the State’s efforts to achieve universal coverage through the operation of the Dirigo Health Program and the expansion of the MaineCare program, but believes the current

timeline toward universal coverage must be accelerated so that all of the uninsured in Maine have coverage by 2009.

The Health Security Board, with the exception of one member, supports the State's efforts to achieve universal coverage through DirigoChoice and expansion of MaineCare. The next year of operation for Dirigo is critical as the savings offset payment is expected to contribute funding for the program to support premium subsidies and expanded enrollment. Originally, the administration projected incremental enrollment in DirigoChoice enrollees with a goal of reaching universal coverage for all uninsured Mainers in 2009. To date, however, enrollment figures have been lower than expected, especially among small businesses. Additional efforts are needed to increase enrollment in DirigoChoice among small businesses, sole proprietors and individuals. Estimates for the uninsured in Maine remain at more than 130,000. The Health Security Board believes that a renewed commitment to universal coverage is needed. The expansion of the MaineCare program has worked in combination with the Dirigo Health Program to increase access to health care. The federal matching funds under this program make it an attractive option for the State if the State can provide its share of the financing. While progress is being made, the State's policymakers should recommit to reaching universal coverage within 5 years---the original goal when the Dirigo Health reforms were passed in 2003---and commit to making the necessary policy decisions to meet this goal by 2009.

The Health Security Board recommends that the State's policymakers and the Legislature consider additional mechanisms to expand access to health care coverage for Maine residents including, but not limited to, expanding eligibility and participation in the DirigoChoice program and exploring regional partnerships to purchase health care coverage.

The Health Security Board believes that more can be done to expand access to affordable health care. The Health Board recommends that the State's policymakers explore additional mechanisms to expand access. Some of the policy options that should be strongly considered include expanding participation in the DirigoChoice Program through expanded eligibility or by requiring publicly funded health care plans like the State Employee Health Plan and the health plan for the University of Maine System to join Dirigo, and exploring regional partnerships to purchase health care coverage with other New England states similar to regional efforts relating to prescription drug coverage. Before implementing any of these options, the State should carefully evaluate their feasibility and impact on current collective bargaining arrangements and publicly funded health plans. The State should not be content with the current timeline for reaching universal coverage. Policymakers should consider improvements to DirigoChoice, changes to the health insurance laws and other approaches to expand access to health care.

In conclusion, the Health Security Board strongly believes that it has made a positive contribution to the dialogue among policymakers and others surrounding reform of Maine's health care system. In part, the development of Dirigo Health was based on

information and research from the Health Security Board's preliminary report and feasibility study. Although the current approach to universal health care coverage is not based on a single-payer health plan model, the Health Security Board is hopeful that the ultimate goal---coverage for all Mainers---will be achieved by 2009. If universal coverage is not achieved in 2009, the Health Security Board believes that the implementation of a single-payer health plan must be reconsidered.