

## MYTHS

**MYTH: “Physicians will leave Maine if we enact single payer.”** This is a baseless claim the opposition drags out every time states attempt systemic health care reform. To the contrary, many physicians now endorse single-payer because it will reduce their time and frustration spent fighting insurance companies, will reduce office overhead expenses, and will increase time available for patients. It will allow doctors to base their care decisions on what is best for their patients rather than what the insurance companies will cover. The health insurance industry has made life worse for medical practitioners over the past 25 years. Doctors, particularly primary care givers, are demoralized by the current system and by the hassles of dealing with multiple payers and mountains of paperwork. With state and national polls showing the majority of physicians favoring single payer, we have reason to believe that, for every physician who might leave Maine, we will likely gain two or three.

**MYTH: “We can’t afford to pay for everyone’s health care.”** Yes we can! We can afford to pay for everyone’s health care, but we can’t afford to pay for everyone’s insurance. Huge sums are currently wasted on paperwork, insurance company profits and CEO salaries. When everyone is enrolled in one common plan, administration is greatly simplified. Providers only have to request reimbursement from one source, not from dozens of competing insurance plans all with different benefit designs and fee schedules. Dr. William Hsiao, an internationally recognized health care economist, and designer of single payer systems around the world, testified before a select committee of the Maine legislature in October 2010. He estimated that Mainers could save 10% of total health care spending or \$1 billion in the first year alone by implementing a system as proposed in LD1345. It could also reduce the rate of health care inflation permanently by 2% every year into the future.



**MYTH: “Our taxes will soar.”** We currently fund nearly 60 percent of Maine’s health care bill through taxes. The public pays for those over age 65 through Medicare, and for those at the lower end of the income scale through Medicaid. We pay for public employees’ health insurance mostly through taxes. Under the Maine Health Care Plan the taxes for Medicare and Medicaid will continue, but the balance of health care spending will be financed based on ability to pay. In other countries, this works quite well. People pay far less in healthcare taxes than the average citizen here pays for insurance – and everyone is covered.

**MYTH: “Maine cannot do this alone. Health care reform can only be done nationally.”** The Affordable Care Act, like the Massachusetts plan upon which it is based, and Maine reforms under PL-90, will not cover everyone. These reforms fail to achieve universality because they are based on private insurance which many people cannot afford to buy, that insurance still exposes people to high out-of-pocket costs, and subsidies are not available to middle class individuals earning over 400% of federal poverty, which, to put things in perspective, is currently less than what the average Maine teacher earns. Experience shows that subsidizing individuals to buy private insurance cannot reduce the excessive claims administration that drives up health care costs. It is essential we go beyond the Affordable Care Act if we want real change. Even the federal government recognizes that states may be able to do better and has a provision to grant waivers so that states can set up their own systems, beginning in 2017. The only condition is that the state benefits must be as good as or better than the federal plans. That will not be a problem under the Maine Health Care Plan!

Dedicated to promoting universal, high quality and affordable health care for the people of Maine



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# Health Care for All Mainers

## FREQUENTLY ASKED QUESTIONS ABOUT LD 1345:

### An Act To Establish a Single-Payer Health Care System To Be Effective in 2017

On January 9, 2014, the Maine Legislature’s Joint Standing Committee on Insurance and Financial Services held a public hearing on LD 1345. Here are answers to some of the most frequently asked questions about the bill.

#### FINANCING

The new law states that the Maine Health Care Plan, the new universal system that will be put in place by 2017, will be publicly financed. This means we will treat health care as a public good, similar to police and fire protection, public education, and highways. LD1345 will simply change how we pay for healthcare without increasing the total amount spent. In fact, a publicly financed, universal system is projected to produce significant immediate and long term savings compared to our current system. Individual and employer-paid premiums will disappear to be replaced by publicly raised funds.

**➤How will we pay for healthcare under this law?** Right now we already pay for 60% of our health care through our taxes which support Medicaid (Mainecare), Medicare, veterans’ health care, and coverage for public employees and retirees; 20% of our health care dollars are paid through private insurance premiums, and 20% is spent out of pocket by individuals in order to access health care. Thus, one way or another, all health care funding comes from us, the public, but the cost is distributed in an inefficient, patchwork, and unfair manner. The details are still evolving, but the new law envisions the following.

PHASE 1: As the Affordable Care Act takes effect, it requires uninsured Mainers to buy coverage through an insurance exchange where they can compare the prices of various plans. People earning up to 400% of the poverty level will receive federal subsidies. The bill also requires full implementation of the ACA, including an expansion of MaineCare to those at income levels below 133% of the federal poverty

level. The rest of us will continue to receive health coverage as we do now, either through private insurance or through a government program.

PHASE 2: At the earliest available opportunity, Maine will apply for waivers that will enable us to pool our state and federal dollars from Medicaid, Medicare, and other federal programs into one fund devoted to supporting the state’s universal health care program, called the Maine Health Care Plan. The fund will be used to pay directly for Mainers’ care and will be financed by public funds that will replace private premiums and most out-of-pocket payments. (For those public funding sources that cannot be fully integrated into the fund, the state will become the secondary payer, assuring all Mainers full access to care, without regard to the sources of their coverage.)

**➤Which taxes will support the Maine Health Care Plan?** LD1345 establishes the Maine Health Care Agency to administer and oversee the Maine Health Care Plan. The bill directs the agency to submit two plans for sustainable financing to the Legislature by January 15, 2016. One plan would assume a federal waiver for the Maine Health Care Plan; the other would not. There will be extensive public input before the legislature acts to ensure that everyone pays a fair share, and that no person or business will again face the financial and health insecurity many are subject to under our current system. One possibility might be a combination of payroll and progressive income taxes. This would replace the cost of private insurance that most employers and employees now share.

**➤If we fund the Maine Health Care Plan with taxes, then won’t we pay more for health care than we do now?** A universal system will restore fairness to a system currently ranked 55<sup>th</sup> globally for fairness. While some people who have not before been required to contribute anything, or to contribute little, to the

cost of their health insurance may see an increase in their required contribution to the new system, most should not see an increase, and many now required to shoulder a disproportionate share of health care cost should see a substantial decrease. Employer and employee private insurance premiums will disappear, as will the medical cost portion of the workers' compensation insurance system. Most out-of-pocket expenses will be eliminated. Instead, many of us, along with employers, will pay a public premium (tax, if you will) for the Maine Health Care Plan. This is a change in how Mainers pay for health care, but not an increase in the total amount paid.

Countries that have adopted this approach experience great administrative efficiencies and cost-savings. We should also see lower net costs of health coverage for almost everyone.

## ELIGIBILITY AND BENEFITS

Two stated goals of LD 1345 are "to provide uniform access to health care for every resident" and "to eliminate income-based disparity in the health care status of residents." Other wealthy countries pay, on average, about half of what we do for healthcare. They get better results from their healthcare systems than we do, and they cover everybody.

➤**Who will be eligible?** All residents and nonresidents who maintain significant contact with the State are eligible for covered health care services through the Maine Health Care Plan.

➤**What will be covered?** LD1345 does not specify an exact benefit package. That will be determined by the Maine Health Care Agency. The Agency will consult with health care experts as well as the public before making its determinations. We anticipate that every Mainer will have coverage that includes hospital care, primary and specialist care, substance abuse treatment and mental health care, dental and vision care, and prescription drugs and supplies. Additional benefits for hearing care will be included, although the extent of those benefits is yet to be determined. Also uncertain is whether the benefit package will include long-term or nursing home care. What is true is that Maine can afford to



pay for a generous benefit package for all Mainers for less money than we collectively spend on health care now.

➤**Will my health care be rationed?** This is a fear stirred up by insurance companies. Cost controls in this new system could certainly limit the rate of growth in health care infrastructure so that we will not invest in more than Mainers need. However, the rationing that currently exists in the form of insurance company denials, self-imposed avoidance of care, and the inability of those to obtain needed health care services they cannot afford and are not entitled to receive through hospital emergency rooms will become a thing of the past. Under the Maine Health Care Plan, decisions will be made by a fair public process considering "the public good" (rather than private profit and special interests) as the basis for its decisions. The amount currently being spent on health care in Maine is more than enough to finance

almost all of Maine's health care needs. Under the Maine Health Care Plan, what we now spend on administration can be redirected to real health care needs. "Rationing" will be unnecessary.

➤**If I am on Medicare, do I have to give it up when the Maine Health Care Plan comes into existence?** No. Federal and state law mandates that Medicare will always be there for you. The level of benefits you will receive under the new plan will be the same or better.

## COST CONTAINMENT

When the financing for health care is consolidated, many opportunities to contain costs become available, including the elimination of administrative waste, the ability to undertake rational health resource planning and budgeting, the ability to take advantage of volume discounts on prescription drugs, and to negotiate reimbursement rates with providers.

➤**Can you be more specific about the process of cost containment?** First, state and federal revenue will be deposited into a trust fund earmarked for health care. Then the Legislature

will adopt an annual health care budget so that expenditures from the fund can be used to support the Maine Health Care Plan's health system. The annual budget-making process will begin with the Maine Health Care Agency, which will hear from community leaders, health planning experts, and the public before making recommendations to the legislature on overall health care spending. The Agency health care planning program will include the establishment of global budgets for health care expenditures for the State and for institutions and hospitals. The Agency will also have responsibility for setting provider reimbursement rates. Ultimately, this process will contain health care costs because we, the public, though our elected officials, will be in charge of how, and how much we pay for health care.



➤**Will the Maine Health Care Plan reduce the rate of growth of overall health care costs?** Many studies have shown that publicly financed systems are less costly because they eliminate insurance overhead, complicated billing systems, duplication, and administrative waste. Because society already pays for health care one way or another, it is helpful to think of public financing as simply a more logical and deliberate way to raise money for the services upon which we already rely.

## HEALTH CARE DELIVERY

Under the Maine Health Care Plan, we will maintain our private delivery system. Doctors and hospitals will still be private entities. Except for having less anxiety about paying, patients would notice no change in their relationships with providers.

➤**Will I be able to choose my doctor?** Yes. LD1345 states that "covered health care services must be provided to plan members by the participating providers of their choice".

➤**Will the government tell my doctor how to take care of my health care needs?** No. One of the stated goals of the LD1345 is "to ensure providers the clinical freedom to treat patients based on their health care needs."

➤**Will pre-existing conditions be excluded from coverage?** No.

➤**Will I have to pay anything directly to the doctor or the hospital?** LD1345 states that "copayments or deductibles may not be charged for health care services provided through the plan, except that, to encourage the use of the most appropriate and cost-effective mode of service, an organized delivery system may require reasonable copayments or deductibles by a plan member if copayments or deductibles are approved by the agency and **do not substantially interfere with access to needed health care services.**"

➤**Overall, will I pay more for health care than I do now?** Under the Maine Health Care Plan, health insurance premiums will be replaced by fair broad-based taxes based on ability to pay, so that those persons at the middle or lower end of the income scale, or having fewer assets than average, should pay less for their health care than they do now. Under this fairer system, some wealthy Mainers and those who have not previously been required to contribute to the cost of their healthcare might end up paying more.

## MANAGING THE HEALTHCARE SYSTEM

LD1345 envisions a "seamless and equitable" healthcare system. Part of this vision will be health promotion and prevention campaigns, innovative payment mechanisms to providers, and the management of health services to achieve high quality at reasonable cost.

➤**Will management of the health care system result in lower quality of care?** No. LD1345 outlines principles which strongly support maintaining high quality health care. The principles also stress health care equity – health care as a public good, instead of a commodity. It directs the Maine Health Care Agency to establish programs to ensure quality, affordability, efficiency of care and health care planning. By eliminating the insurance company role in health care management and planning, it will be possible to put quality ahead of profits.