

A Fiscal Analysis on Universal Health Care for Maine: **Executive Summary**

Overview

This brief summarizes a study that analyzed the cost impact of implementing a universal health care system in Maine [[see full report here](#)].

Mainers currently pay \$18.5 billion annually on health care spending, yet at least 6% are uninsured and many more forgo care due to cost. A universal system that expands coverage and benefits for all Mainers could cost between \$17.8-19.3 billion, while providing fiscal stability for health care providers through a streamlined payment system.

Background

In 2018, Maine AllCare (MAC) contracted with the Maine Center for Economic Policy (MECEP) to conduct a study of the costs and economic impacts of a health care model that would cover all Maine residents through a state-level public plan. Published in 2019, the results showed that even with an ample benefits package which included eye, ear and dental care, total yearly healthcare spending could decrease, bringing significant benefits and stability to residents, towns and employers, and health care providers.

Since then, the Covid-19 pandemic demonstrated the shortfalls of our current fractured health care system, which left many without adequate access to care or with unaffordable insurance coverage. Despite increased access to Medicaid coverage, 90,000 Mainers went without health insurance in 2022, and thousands with health insurance reported having to delay or forgo medical visits due to high deductibles and co-payments. The assassination of a health insurance company executive in December 2024 sparked public outrage over systematic claims delays and denials by for-profit corporations.

In 2023, MAC once again commissioned MECEP to reassess the costs and impact of a universal healthcare system in Maine. Completed in August 2024, we summarize its findings here.

Core Principles of a Universal Health Plan

UNIVERSALITY: as far as practicable, all Mainers should be included in the public plan

EFFICIENCY: waste and complicated administration should be reduced

SIMPLICITY: the plan should be easy for Mainers to understand and use

Key Findings

ASSUMPTIONS

The new plan would cover all Mainers:

- It would be the primary source of coverage for those who currently have employer-based or individual plans (e.g., purchased on Maine's health insurance marketplace).
- It would fill coverage gaps for those on Medicare, Medicaid (MaineCare), the VA, Tricare and Indian Health.
- It would cover the uninsured.

The new plan would provide all the benefits of Medicare or Medicaid and add dental, vision and hearing benefits.

The new plan would have no coinsurance or deductibles and minimal, if any, co-pays.

The new plan would reimburse providers and hospitals at Medicare rates.

HOW MUCH WILL IT COST?

MECEP estimates that Maine's current total health spending (including administrative costs) is approximately \$18.5 billion annually. The cost of a new insurance model ranges between \$17.8 and \$19.3 billion. This would include the expanded benefits without significant out-of-pocket payments. MECEP's analysis takes into consideration the likely increase in healthcare spending with increased demand based on better access and benefits, AND on the significant drop in administrative costs to be expected with the consolidation and efficiencies gained by having a single central payer.

HOW WOULD MAINE PAY FOR IT?

A significant portion of care is already covered by federal funds coming to Maine in the form of payments for Medicaid, Medicare, the VA, and as federal subsidies via the Affordable Care Act (ACA). Currently, these programs pay approximately \$10.6 billion. To reduce the total cost of a universal state program, it would be advisable to make use of these existing federal programs, by maximizing federal pass-through dollars from the ACA, and by potentially augmenting the federal contribution to Maine Medicaid care by raising the income eligibility level to up to 321% of the poverty level for adults, and 424% for children. In Maine, the federal government pays for 72.2% of Medicaid costs. Increasing this eligibility could bring up to \$1 billion additional dollars to fund the MECEP model.

The remaining state share to raise through revenues would be \$8 billion. A large portion of this would come from recapturing the funds currently paid as premiums by individuals, families and employers. The goal in covering the remaining expenses would be to :

- Continue to share costs between individuals and businesses, while no longer tying insurance to a particular job
- Ask those individuals and businesses with the greatest means to pay the highest rates
- Leave most Mainers and businesses paying less than under the current system

Key Findings

The MECEP model would raise the remaining revenue by:

- Assessing a premium on individuals/families on a sliding scale with a cap of 8.5% of their income
- A payroll tax on businesses based on the number of employees they have, ensuring that larger firms pay a larger share of their income towards the tax, and keeping the cost to small businesses manageable
- A more broad and modern Maine state sales tax
- An expansion of the state income tax for very high-income family units
- An assortment of possible other smaller taxes

Premium contribution scale

Household income level as share of federal poverty level	Income level for family of 3 in 2024	Required share of household income	Annual premium at maximum level
150% or less	\$37,290	None	\$0
200%	\$49,720	2%	\$994
250%	\$62,150	4%	\$2,486
300%	\$74,850	6%	\$4,491
400% & higher	\$99,440	8.5%	\$8,452

Together, these revenues would cover the revenue needed to fund the plan.

WHAT WOULD BE THE IMPACT OF SUCH A PUBLIC PLAN TO MAINERS?

INDIVIDUALS & FAMILIES

Most families (80%) would see a boost in disposable income by eliminating private insurance premiums and out-of-pocket costs, while gaining increased coverage and access to eye, ear, dental and primary care. Mainers currently covered by basic Medicare would receive wraparound coverage for medications and services currently covered by a supplemental plan. These benefits would also extend to those with VA, Tricare and Indian Health Service coverage.

CITIES & TOWNS

Many municipalities would see reduced health care costs, via lower payroll assessments (instead of health insurance premiums) and reduced workers' compensation costs. These savings could be used for education, town, services, or reduction in property taxes.

EMPLOYERS

Most employers would contribute the same or less than they do now. They would not need to spend time and money choosing and managing coverage plans. There would no longer exist the "job lock" hindering movement in the labor market.

HOSPITALS & HEALTH PRACTITIONERS

The MECEP public model would pay providers and hospitals promptly and directly. The payments would be at Medicare rates. Analysis of savings accrued by the elimination of bad debt and charity care, the increase of payments for Medicaid patients, the reduction of administrative costs associated with billing, and the savings on health insurance for employees indicates that providers would do as well or better financially.

CONCLUSION

The MECEP analysis and model would require broad changes in how healthcare coverage is provided in Maine, but demonstrates financial feasibility of a public plan providing significant benefits to families, municipalities and employers while curtailing the wasteful spending on managing a currently complex and inadequate system. It provides fiscal stability to health facilities and practitioners and eliminates the difficult choices many Mainers have when they are unable to afford necessary care and services.

Health Spending Estimates for Maine, in millions, 2023
[See full report for details \(pp 11-13\)](#)

		Public Plan	
	Current System	Estimate 1	Estimate 2
Health Care Spending	\$ 17,149	\$ 18,687	\$ 17,118
Medicare	\$ 3,780	\$ 3,780	Current spending adjusted for increased demand, but with administrative savings, and lower prices
Medicaid	\$ 3,670	\$ 6,660	
Private Insurance	\$ 4,860	\$ 49	
Other	\$ 4,839	\$ 938	
New Public Plan	\$ -	\$ 7,260	
Net Cost of Insurance	\$ 1,150	\$ -	\$ -
Public Administration	\$ 238	\$ 637	\$ 637
TOTAL	\$ 18,537	\$ 19,324	\$ 17,755

REAL LIFE EXAMPLES

A lower middle-class family with one child, earning \$50,000 a year, currently on insurance purchased through the ACA marketplace, would save between \$1,000 and \$15,000 per year depending on their out-of-pocket spending given their current deductibles.

A two-person household earning \$75,000 a year, with employer insurance that pays 75% of the premium, would save an average of \$1,100 per year.

An older couple on traditional Medicare living on their Social Security payments would save approximately \$7,400 annually.