



Dirigo Health Reform ***“Cost, Quality and Access”***

Maine’s Plan for Universal Access to Health Care

Enacted by 121st Maine Legislature
June 2003

Overview

- **Comprehensive Health Reform Initiative**
 - Cost, Quality and Access
- **Goal: Sustainability**
 - Achieve universal access for all Mainers by making health care more affordable and of high quality.
- **Development of Reform**
 - Health Action Team – Business, Providers, Insurers, Consumers
 - Special Legislative Committee on Health Reform
 - Unanimous ought to pass
 - Two-Thirds majorities in each chamber
 - Team of experts in and outside government
 - Foundation Support

Need for Reform

- 136,000 uninsured – 73% work in small business or are self-employed
- 78% of uninsured live below 300% FPL
- Family premiums rose 77% between '96 and '02
- Median household income rose 6%

Need for Reform

- Maine's health care costs have doubled since 1994 – \$3.7 billion to \$7.7 billion
- We spend higher percent of our income on health care than 45 other states
- **Premiums in Maine Historically Higher Than Other States** – Medical Expenditure Panel Survey (MEPS) 2002 Survey showed Maine small businesses had third highest avg. family premium - \$9844 per year, or \$820 per month.

Need for Reform

- High rates of chronic illness
- Over \$200 million in bad debt and charity care (30% from underinsured)
- High hospital inpatient and outpatient costs and utilization
- Highest rate of uninsured in New England but, lowest rate of employer-based health insurance

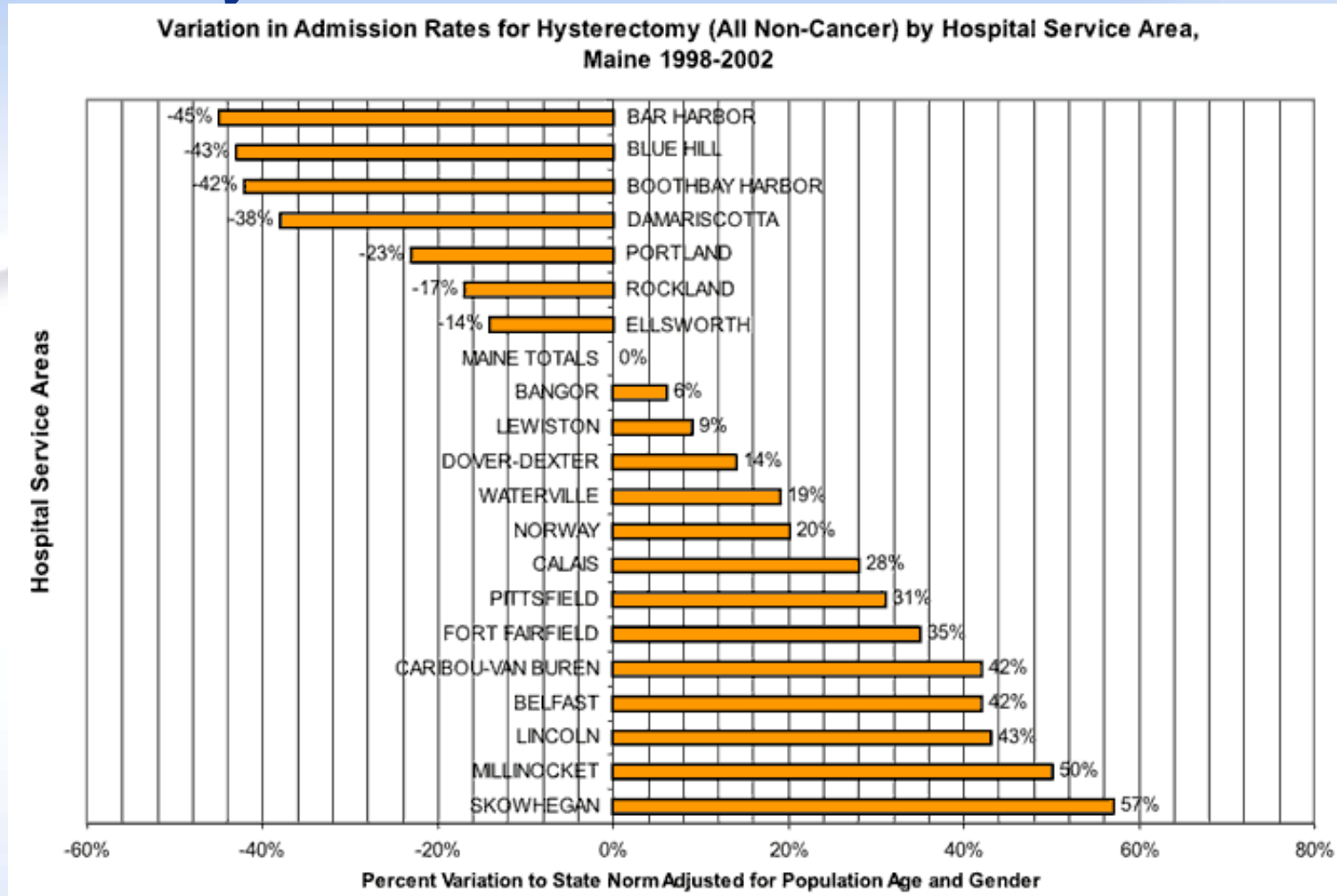
Need for Reform

Variation in Cost:

The cost per discharge in 2002 at the highest-cost hospital (\$7,021) was almost two-thirds higher than average cost at the lowest-cost hospital (\$4,243), **AFTER** taking into consideration differences due to patient casemix.

Need for Reform

Variation in Practice: differences in hysterectomy rates



KEY DIRIGO HEALTH CONTACTS

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Cost Containment

- *CON and Capital Investment Fund*
- *Voluntary Expenditure Targets*
- *Transparency – Price Posting*
- *Insurance Reforms & Medical Malpractice Study*
- *Hospital Study Commission*
- *State Health Plan – Established priorities to guide CON and Chronic Care Initiative*
- *Create statewide approach to manage chronic care*
- *Reduce “hidden tax” of bad debt and charity care*
- *Invest in prevention / health promotion*
 - *FHM*

Certificate of Need

- Regular rulemaking for Capital Investment Fund completed
 - *submitted to Legislative Council, Dec.*
- CIF for coming year set at \$6.6m
 - *\$5.8m for hospital projects*
 - *\$823k for non-hospital projects*
- Interim State Health Plan sets out CON priorities
- Four hospital projects in 1st review cycle (\$8.2m in projects)

Increased Access

State Health Plan – promotes efficient use of resources, optimizes health & access to health care

MaineCare Expansion – Adults to 125% FPL and Parents to 200%

DirigoChoice – public/private collaboration with Anthem BCBS

MAINECARE / DIRIGO LINK

- MaineCare = fundamental to universal access
- “Most effective strategy to expand access: Expand Medicaid & CHP” (Source: National Conference of State Legislatures, 2004, “State Options for Expanding Access: The Evidence”)
- Dirigo is not a Medicaid expansion initiative – it marries Medicaid and private coverage to strengthen employer-based health insurance and eliminates “cliff”
- Expansions are incremental; anticipated new eligibles is maximum of 13,800 (Source: Mathematica Policy Research)

DirigoChoice Enrollment Success

- *As of May 1, 2005*
 - over 450 small businesses
 - over 1250 sole proprietors
 - over 980 individuals
 - *Total of 6,369 members*

DIRIGO HEALTH AGENCY

DirigoChoice



- ***For Small Businesses, Self-employed and Individuals***
- ***Preferred Provider Organization (PPO), two plan options:***
 - ✓ Option 1 is priced on a \$1250 individual deductible/\$2500 family
 - ✓ Option 2 is priced on a \$1750 individual deductible/\$3500 family
- ***Discounts on sliding scale for members with incomes below 300% FPL - \$28,000/single household and \$56,500/family of four***
- ***Comprehensive coverage:***
 - 100% coverage for prevention
 - No Pre-X exclusion
 - Mental Health Parity
 - Healthy Me Rewards – \$100 one time reward for members and up to \$1500 for employers
- ***Commercial Rate Reimbursement***

Estimated Monthly Payments, Option 1

Community Rates Effective January 1, 2005

Single	\$310
Employee & Child(ren)	\$558
Employee & Spouse	\$651
Family	\$930

Note: Employer pays 60% of single

DirigoChoice is community rated. This means that the monthly cost for a group or individual may be higher or lower than the community rate, depending on a group's demographics.

Income Eligibility for Discounts – up to 300%FPL



	<i>A*</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>
Family Size	<i>No More than - MaineCare</i>	<i>No More than</i>	<i>No More than</i>	<i>No More than</i>	<i>No More than</i>	<i>No More than</i>
1	\$9,310	13,965	18,620	23,275	27,930	27,930
2	12,490	18,735	24,980	31,225	37,470	37,470
3	15,670	23,505	31,340	39,175	47,010	47,010
4	18,850	28,275	37,700	47,125	56,550	56,550
5	22,030	33,045	44,060	55,075	66,090	66,090

*uses all MaineCare eligibility standards

Discounts – Plan 1

\$1,250 Deductible	A	B	C	D	E	F
Monthly Discount	100%	80%	60%	40%	20%	None
Deductible						
Single	\$0	250	500	750	1000	1250
Family	\$0	500	1000	1500	2000	2500
Out of Pocket						
Single	\$0	800	1600	2400	3200	4000
Family	\$0	1600	3200	4800	6400	8000

Financing DirigoChoice

DirigoChoice is financed through pooled revenues:

- *Member and employer payments*
- *\$53 million state funds – one time*
- *Savings Offset Payment replaces state revenues*
- *MaineCare for those eligible*