



# National Health Reform: Lessons from Maine *In Brief*

## Quick Facts

**20%**

Change in percent of people without insurance in Maine from 2002 to 2007.

**4<sup>th</sup>**

Maine's ranking nationally in terms of the percent of people with health insurance in 2007. Maine ranked 16<sup>th</sup> in 2002, lowest among all New England states and 2<sup>nd</sup> in 2007.

**78%**

Commercial health insurance market controlled by one company in Maine.

**13.2%**

Yearly rate of increase in health insurance premiums in Maine from 2001 to 2003, prior to comprehensive reform and 3.1% higher than the New England average of 10.1%.

**6.4%**

Yearly rate of increase in health insurance premiums in Maine from 2004 to 2006, 1.7% lower than the New England average of 8.1%.

**\$160 Million**

Documented savings in health spending over four years associated with specific reforms.

**\$400 Million**

Potential savings identified as a result of information made available through reforms.

*National Health Reform: Lessons from Maine*, a report by the Maine Center for Economic Policy, offers clear cut recommendations for federal health care reform based on Maine's actual experience with comprehensive health reform.

## 1. We Need Health Reform Now

***When people get the health care they need, when they need it, every family and every business benefits.***

The status quo will result in doubling health care spending over the next 10 years from \$2.2 trillion to \$4.4 trillion and increase the number of people who lack insurance coverage and access to the care they need. America's future financial and physical health is at stake.

## 2. States Can't Do It Alone

***Just like individuals need the purchasing power of insurance coverage, states need the purchasing power of the federal government.***

Meaningful reform requires significant public investment. States, particularly rural and economically distressed ones, have limited capacity to generate and sustain such investment. The devolution of federal programs over the last 25 years and federal tax policies that favor corporate and private interests over public interests have increased financial burdens on state and local government. Federal reforms need to account for these challenges and help provide the downpayment needed to accomplish reform at all levels.

## 3. A Public Option Can Work, but...

***Don't put the fox in charge of the henhouse. In order for a public option to work, it cannot be implemented by private insurance companies and must be adequately funded.***

Maine initiated a quasi-public option that was publicly funded and privately implemented. This covered a larger number of Maine people than would have been covered without it and contributed to changes in the private insurance market. These changes included the introduction of better, more affordable private insurance products and a significant decline in the rate of increase in insurance premiums relative to other New England states. This occurred despite limited funding and significant implementation challenges.

## 4. We Must Change the Way We Pay for Health Care

***Without payment reform, we'll never secure the savings needed to sustain comprehensive reform or affordable access to quality care.***

The current health care system is one that focuses on sick care rather than preventive care. Changing this picture requires a fundamental shift in the way health care is paid for. At present, there are few payment incentives that encourage or reward improved quality of care and a focus on prevention. Instead the bulk of incentives point in the direction of increasing the number of high-dollar, high-volume services provided. Overcoming these structural flaws requires better information and a restructuring of our payment system.

## 5. Resist Opposition Efforts to Water Down Comprehensive Reform

***The opposition will come from many directions – all will be heavily invested in maintaining the status quo, a status quo that we can ill afford to continue.***

Shortcomings associated with Maine's comprehensive reform efforts are more the result of legislative compromises and opposition stonewalling than flaws with the initial vision for reform. Opposition scare tactics and work behind the scenes to dilute comprehensive reform must be addressed head on.

Access the full report at [www.mecep.org](http://www.mecep.org). The Maine Center for Economic Policy advances public policies that help Maine people prosper in a strong, fair and sustainable economy.