

February 21, 2017

Testimony in Opposition to Part I of the Governor's Proposed Budget, LD 390

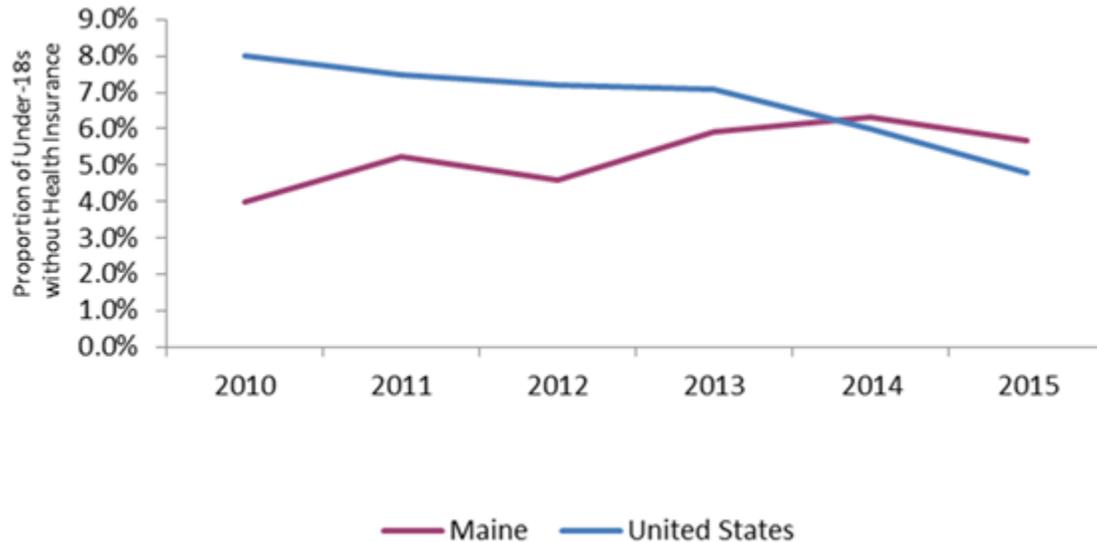
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Good afternoon, Senators Hamper and Brakey, Representatives Gattine and Hymanson, and members of the Appropriations and Financial Affairs and the Health and Human Services Committees. My name is James Myall, a policy analyst at the Maine Center for Economic Policy. I am here to testify in opposition to Part I of the governor's proposed budget, concerning cuts to MaineCare coverage for parents and young adults. The proposal to further restrict MaineCare eligibility is short-sighted and dangerous. It puts the health of almost 25,000 Mainers at risk, increases the financial strain on our hospitals, and reduces the long-term strength of Maine's economy.

Maine is already the only state to offer less health care to its residents since the passage of the Affordable Care Act. Further reducing MaineCare eligibility for parents hurts both parents and children. Forty percent of the federal poverty level is just \$560 a month for a single parent with one child, or \$700 for a two-parent household. Individuals in poverty do not receive financial assistance to purchase insurance under the Affordable Care Act. The cheapest individual health insurance plan for sale in Maine in 2017 cost \$231 a month - or 40% of the household income for this population, before out-of-pocket costs are considered.¹ For these individuals, losing MaineCare means losing any access to health insurance. And loss of health insurance coverage means less preventive care, and greater financial hardship – more visits to the emergency room, and the stress of unexpected medical expenses.²

The governor has stated that his budget aims to “refocus MaineCare spending on Maine's neediest and most vulnerable,” including children.³ But we know that the greatest determinant of whether a child has access to health insurance, is whether their parents are insured.⁴ For the Medicaid-eligible population, children are eight times more likely to have health insurance if their parent is enrolled. And we're already seeing those effects in Maine. Previous restrictions on MaineCare for parents have led to a spike in the proportion of children without health insurance, at the same time that insurance coverage for children nationwide has been expanding. Between 2010 and 2014, an additional 5,000 Maine children went without health insurance, most likely as a result of the MaineCare changes by this administration.⁵ The proposed changes to MaineCare in this year's budget will likely lead to thousands more Maine children losing their access to health care.

Maine Kids Increasingly Lack Health Insurance, In Contrast to Children Nationwide



MECEP analysis of US Census Bureau, American Community Survey data, 2010-15, 1-year estimates.

The elimination of MaineCare coverage for young adults (19-20 year olds) is also highly troubling. Young adults have traditionally been among the least likely to be able to afford health insurance coverage, especially the low-income population affected by this change.⁶ Low-income workers are among the least likely to be offered employer-sponsored health insurance,⁷ and the parents of the young adults affected by this change are among the least likely to have their own insurance plans onto which they can be added. Removing MaineCare coverage will leave 6,000 low-income young adults with no affordable means of accessing health care.

The young adults, parents and children who will lose health insurance under the governor's proposal will still get sick. They will still need health care, but it will be out of reach. Maine's physicians and hospitals will see an increase in uncompensated care, at a time when half the state's hospitals are already running a deficit.⁸

Finally, these cuts to MaineCare are not only harmful to Maine families but entirely unnecessary. The governor makes these cuts only to pay for enormous tax breaks to the wealthiest 20% of Mainers. This proposal is also short-sighted. Nearly two-thirds of MaineCare costs are covered by the federal government,⁹ and the proposed changes will cost Maine \$77 million in federal funding.[10] MECEP estimates a reduction in federal spending of this size would result in almost 1,000 lost jobs in health care and related sectors, including the loss of \$50 million in stimulated economic activity.¹⁰

I strongly urge the committee to reject the proposed changes. Mainers want more health care, not less – and the governor’s proposal puts lives, jobs and the long-term economic health of our state at risk. I’ll be happy to answer any questions.

Appendix: Summary of IMPLAN economic analysis

	Jobs	Wages	Value Added	Total Economic Activity
Direct Effect	486	\$34 million	\$37 million	\$70 million
Indirect Effect	148	\$6 million	\$11 million	\$19 million
Induced Effect	282	\$12 million	\$20 million	\$33 million
Total Effect	916	\$52 million	\$69 million	\$121 million

Source: MECEP analysis of IMPAN group data. Totals may not add up exactly due to rounding.

¹ MECEP analysis of Healthcare.gov data.

² *The Oregon Experiment — Effects of Medicaid on Clinical Outcomes* — New England Journal of Medicine, <http://www.nejm.org/doi/full/10.1056/NEJMsa121232>

³ State of Maine, Bureau of the Budget, 2018-19 Biennial Budget Briefing

www.maine.gov/budget/documents/2017Supplemental-2018-2019BiennialBudgetBriefing.pdf

⁴ United States Government Accountability Office, *Medicaid and CHIP: Given the Association between Parent and Child Insurance Status, New Expansions May Benefit Families*, Feb. 2011.

<http://www.gao.gov/new.items/d11264.pdf>

⁵ MECEP analysis of American Community Survey data. The number of under-18 year-olds without health insurance increased from 10,935 in 2010 to 16,292 in 2014.

⁶ *Health Insurance Coverage of Young Adults*, Urban Institute, June 2008

<http://www.urban.org/sites/default/files/publication/31826/411691-Health-Insurance-Coverage-of-Young-Adults.PDF>

⁷ Kaiser Family Foundation, *Trends in Employer Sponsored Insurance Offer and Coverage Rates*,

<http://kff.org/private-insurance/issue-brief/trends-in-employer-sponsored-insurance-offer-and-coverage-rates-1999-2014/>

⁸ Maine Health Data Organization data.

⁹ US Department of Health and Human Services, Assistant Secretary for Planning and Evaluation, FY 2017

<https://aspe.hhs.gov/basic-report/fy2017-federal-medical-assistance-percentages>

¹⁰ MECEP analysis using IMPLAN economic modelling, based on a \$77 million reduction in spending in the health care sector.