

**MAINE'S
DIRIGO HEALTH REFORM:**

Can States be the Laboratories for National Action?

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FORM FOLLOWS FUNCTION

- Cover uninsured

vs.

- Provide affordable, quality care to all (cost, quality, access)

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THE CONTEXT FOR REFORM

THE U.S SPENDS MORE; GETS LESS

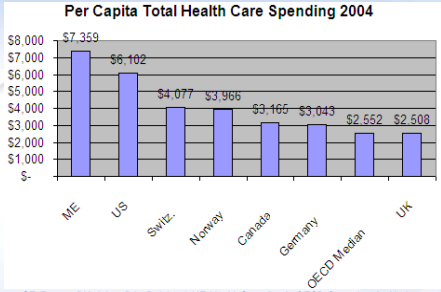
Need a more effective & efficient health system & healthier people

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... but Maine & the US spend More Per Person Than Other Industrialized Nations


Per Capita Total Health Care Spending 2004



Country/Region	Per Capita Total Health Care Spending 2004
ME	\$7,359
US	\$6,102
Switz.	\$4,077
Norway	\$3,966
Canada	\$3,165
Germany	\$3,043
OECD Median	\$2,552
UK	\$2,508

Sources: Anderson GF, Frognier BK, Johns RA, Reinhardt UE Health Spending In OECD Countries: An Update Health Affairs 26(5), 1483, for data on US and OECD nations. Maine figure estimated using data from the CMS Office of the Actuary.

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U.S. Could Save \$477B / Year in Health Spending (McKinsey)

U.S. Vs. Peer Nations:

- Excess Capacity
- e.g.: We use fewer in-patient beds but cost 4X peer nations
- More surgery / same outcomes
- Oversupply of technology (e.g.: 3X-6X more scanners)
 - 30% - 40% imaging = "inappropriate or non-contributory"

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U.S. Vs. Peer Nations

- Administrative costs
- Physician salaries
- Nurse utilization
- Use 20% fewer Rx, pay 60% more

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NOT GETTING THE RIGHT CARE AT THE RIGHT PLACE AT THE RIGHT TIME

*We only get the right care half of the time.**

We under-use effective, inexpensive, preventive care and over-use ineffective, expensive care.

*2004 RAND study (McGlynn): only about half the care we receive is care we should receive based on accepted best practices (the exact percentage depends on the health condition).



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2003 DIRIGO HEALTH REFORM

- Improve Quality
- Lower Cost Growth
- Invest in Access Expansion



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Need multiple strategies to cover uninsured and underinsured

Maine's Uninsured

> 300 % FPL	31%
100-300% FPL	46%
< 100% FPL	23%

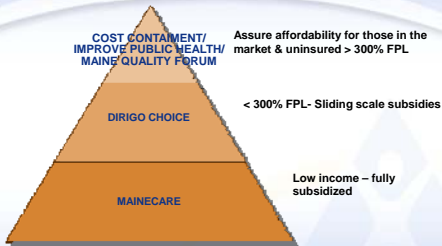
Underinsured

2004-2006 Sales of "most popular" product in individual market -- \$15,000 deductible – rose 29%



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Dirigo Health 3-Tiered Strategy



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DIRIGO CHOICE


- A subsidized insurance program for small businesses, the self-employed and individuals
 - No pre-ex waiting period
 - Mental health parity
 - Preventive coverage



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300% FPL based on ability to pay

- Option to self-insure
- Changed carriers → Harvard Pilgrim




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FINANCING / SUSTAINABILITY 

- Initial financing proposal revised - 2003
- SOP → Capture savings & reinvest
 - Hard to measure
 - Savings vs. cost avoidance
 - Conflict – same funding source for HRP
- 4 Year effort to stop SOP
- Blue Ribbon Commission
- Alternate funding included “pay or play” plan & individual mandate plus reinsurance – rejected by Legislature

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2007 - Compromise! 

- SOP lowered to fixed 1.8% of claims
- Beverage taxes (beer, wine, soda)
- Creates alternative to HRP
 - Tweaks CR bands to lower prices 40% for young
 - Reinsurance plan to protect older from rate hikes
 - Young people products

2008 – The People’s Veto


2009 – Reform of SOP ?

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WHAT HAS DIRIGO HEALTH REFORM ACHIEVED TO DATE 


- Enrolled over 23,000 participants and over 725 Small Businesses in Dirigo Choice and over 5,500 Parents in MaineCare.
- Strengthened the CON Process – added CIF.
- Strengthened Hospital Cooperation Act.
- Required providers to submit claims electronically in a uniform fashion and supports EHR.
- Regulated premiums in the Small Group Market for the first time.

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- Hospitals, doctors and insurance companies now share their financial information in new ways allowing for greater transparency, helping to inform the public on how health care dollars are spent.
- Introduced the State Health Plan, with a goal of making Maine the healthiest state and established new public health infrastructure.
- Documented over \$150M in system savings.
- Established Maine Quality Forum.

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SUCCESS ? 

Uninsured?

- Pre-Dirigo -- Highest Rate of uninsured in New England (13%).
- Post Dirigo – Only state in New England to lower rate of uninsured (9.7%) (2000).

Costs?

- Pre-Dirigo – Maine employers – highest average annual growth in premiums in New England.
- Lowest rate of employer premium growth in New England.

Work in Progress

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STATES AS LABS 

- Congress followed states:
 - HIPPA
 - SCHIP
 - Patients Bill of Rights
 - Rx Coverage for Elderly
- State-by-State experiments?
- States need financing: Payers & insurers need consistency

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