Health Care System and Health Care Security Board
Summary of Meeting on December 2, 2002

The Health Care System and Health Care Security Board met on Monday, December 2nd in Room 427, State House. Rep. Volenik chaired the meeting. The audio of the meeting was also broadcast through the website. The summary from the November 22nd meeting was approved.

Mathematica's Revisions to Baseline and Single-payer Plan Estimates

At the request of the Board, Mathematica presented revised tables reflecting changes made to the base case and single-payer estimates. The changes to the base case estimates related to Medicaid coverage, employer coverage by firm size and changes in employer-based coverage.

Medicaid coverage. An adjustment was made to address the under-count of Medicaid recipients in the Maine CPS (Current Population Survey) sample. The CPS indicates that 133,300 residents have Medicaid coverage; information from the Bureau of Medical Services indicates that 190,800 residents (full time equivalents) had coverage in 2001. Mathematica believes the discrepancy arose from misclassification of approximately 57,500 Medicaid recipients as uninsured or having Medicare coverage only. The model's count of Medicaid recipients was raised to 190,800; the count of uninsured individuals was decreased by 45,500; and the count of Medicare-only recipients was reduced by 12,000.

Employer coverage by firm size. Mathematica reviewed its assumptions and data relating to coverage by firm size in response to observations by the Board that private employment in Maine is primarily in small firms. In the baseline estimates used, persons with employer-based coverage are twice as likely to have coverage from a large firm than a smaller firm. (Large firm is considered 100 or more employees in Mathematica's estimates.) These estimates also consider public employment. The Maine CPS sample suggests likelihood of 2.4 to 1 that individuals have coverage through a large firm. Upon review, Mathematica recommends that the baseline estimates be retained without adjustment.

Changes in employer-based coverage. At the November 22, the Board observed anecdotally that employer-based coverage in Maine is eroding and asked how this was accounted for in the estimates. In response, Mathematica reviewed the changes in employer-based coverage in recent years based on the data from the CPS. Based on information published annually since 1995 by the Employment Benefit Research Institute (EBRI), Mathematica found no evidence that employer-based coverage has eroded in Maine. While the availability of coverage has not changed, Mathematica assumes that the "quality" of coverage has eroded with employees paying more in premiums and cost sharing for services. Mathematica did observe that individual coverage has declined in Maine since 1995 from 8.7% in 1995 to 5.05 in 2001. Upon review, Mathematica recommends that the estimates for employer-based coverage and individual coverage based on 2001 data be retained in the baseline estimates.

The Board also asked Mathematica to revisit the assumptions used for the single-payer plan estimates related to managed care and primary care case management and spending for Medicaid-only services.

Managed care and primary care case management. The preliminary estimates presented on November 22 assumed that health care spending would increase due to the elimination of commercial HMOs and Medicaid primary care case management in all of the single-payer plan scenarios. The Board asked that cost estimates be revised to assume that the single-payer plan would continue to realize cost savings generated by managed care enrollment and primary care case management for the MaineCare population. The revised cost tables reflect those assumptions.

Spending for Medicaid-only services. Mathematica believes that its preliminary results overestimated the spending for Medicaid-only services under the single-payer plan because of a double-counting effect for spending on current categories of Medicaid spending that would be subsumed under the single-payer plan. The estimates were revised to correct for the double-counting of some spending on Medicaid-only services to include only those services not covered in the standard benefit package for the single-payer plan. In the baseline year 2001, the spending estimate was changed from $556 million to $430 million.

Discussion/Critique of Preliminary Results

The Board returned to its discussion of the preliminary results from Mathematica after having had a change to review the report fully. The Board articulated many questions and issues related to the results for follow up and explanation by Mathematica. The consultants joined the meeting by conference call to review the revised estimates and results and respond to technical questions and issues raised by the Board and interested parties.

The questions and issues articulated by the Board and interested parties are outlined below:

- If at all possible, the single-payer plan estimates should demonstrate a 5% cost savings over the status quo (as required by enabling legislation of Board). Board must address this through benefit design or other elements of single-payer system if sensitivity analyses and changes to assumptions do not demonstrate 5% savings by 2008. Can Mathematica suggest approaches or strategies for achieving that savings?
- As explained, the model lacks specificity as to administrative costs and provider reimbursement costs. How have these been addressed by the assumptions?
- What is impact of a transitional system? Have these costs been factored in?
- The assumption of 5% for administrative costs for single-payer plan may be too low. Could a sensitivity analyses be performed to adjust that number?
- The question of how much money is needed to fund a single-payer system is essentially a "political" decision. Decisions as to the global budget for the system can be used to achieve necessary savings through constraints on spending.
- Will savings from primary care case management for MaineCare recipients and savings generated from commercial HMO enrollment accrue to whole single-payer system? How are these assumptions reflected in the model?
- Frustration was expressed as to why single-payer system can be achieved in Canada and not in United States to date.
- What are advantages from single-payer system to providers if reimbursement mechanisms will change as a result of global budgeting?
- How is control of capital expenditures addressed in the model's estimates? Are any assumptions included around a continuation of the certificate of need process?
- Can the report suggest areas where additional information or data analysis is needed or certain issues need further study? For example, transition costs.
- To what extent has Mathematica considered other studies related to costs of single-payer plans?
- Does the model address the impact of the financing mechanisms on current revenue projections?
- Can the cost module assumptions related to changes in health care spending and out-of-pocket spending be explained?

Board's Report and Recommendations

The Board again discussed its process for completing its work and making its recommendations to the Legislature on January 15, 2003. Many Board members feel there is more work to be done related to the design and implementation of single-payer system and that the Board should report on an interim basis in January. The Board agreed to develop a report to the Legislature that assesses the results from Mathematica's study and makes findings and recommendations related to whether a single-payer plan is economically feasible for the State. Staff will prepare an outline of a draft report for review on December 18th. In addition, the Board agreed to pursue an extension of their work at least through June 30, 2003. This date coincides with the completion of the HRSA planning grant process. The Board will request an additional extension from the Legislative Council, or, in the alternative, submit legislation, to extend its reporting deadline to the 121st Legislature. The Board will also prepare legislation for introduction to the Legislature as a concept draft to establish a single-payer system to preserve the issue for legislative consideration.

Next Meeting

The next meeting of the Board will be held on Wednesday, December 18th from 9:30 am until 3:00 pm in Room 427 State House, Augusta. At that meeting, Mathematica will present its final report and results to the Board. The Board will also review an outline of a draft report to the Legislature. The meeting will be "web-cast" so that members of the public can listen to the audio of the meeting off-site.