Office of Affordable Health Care

Hearing Submission

Advocacy/Professional Associations and Others

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Submitter Information

Organization: none

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Title: Supporter of [Maine AllCare](https://maineallcare.org/) but submitting as an individual

*1. Please identify and briefly describe the top (2-3) cost-related barriers consumers in Maine face when attempting to access necessary health care.*

a) Cost of commercial insurance

At an annual cost of [over $20,000](https://www.forbes.com/advisor/health-insurance/how-much-does-health-insurance-cost/#:~:text=The%20average%20monthly%20health%20insurance,preferred%20provider%20organization%20(PPO).) for a family of four, many Maine residents are unable to access health care through a commercial insurance plan. If their workplace offers an insurance benefit, the cost there may be such that the worker doesn’t take advantage of it; or that, because of premium concerns, the employer selects a plan that entails high point-of-service costs (co-pay, deductible, co-insurance, out-of-pocket maximum), both of which limit workers’ access to health care as in b). Similar forces may be at work in businesses that self-insure through a Third-Party Administrator.

Patients who apply for MaineCare because of the cost of commercial insurance and qualify can obtain coverage there. However, low reimbursement and other factors limit the number of physicians who accept MaineCare patients, meaning there is no access to many practices. For example, nationally only 62.9% of internists accept Medicaid patients. ([MACPAC](https://www.macpac.gov/wp-content/uploads/2021/06/Physician-Acceptance-of-New-Medicaid-Patients-Findings-from-the-National-Electronic-Health-Records-Survey.pdf))

Patients who apply for Marketplace plans because of the cost of commercial insurance and qualify can obtain subsidized coverage there but may be tempted by premium cost to choose a high deductible plan, which also limits access to health care as in b).

In all these situations—employer-based plans, MaineCare, and the Marketplace—a patient’s income, marital status, employment, etc., may change in such a way that these options become unavailable, limiting their access to what they can afford through individual commercial insurance or self-pay. Direct primary care practices are another option, but require monthly payments, additional high deductible plans, and health savings accounts.

b) Point-of-service costs

These costs discourage patients with any kind of commercial insurance from accessing care except in pressing situations or when income is assured. According to [KFF](https://www.kff.org/mental-health/poll-finding/kff-survey-of-consumer-experiences-with-health-insurance/), “Four-in-ten insured adults say they skipped or delayed some type of care in the past year due to cost.”

c) Uncertainty about costs of care

Because it is impossible to know ahead of time what the costs of consultations, testing, procedures, hospitalizations, out of network charges, facility fees, etc., will be, patients may be reluctant to accept their physicians’ recommendations and thus to access necessary health care.

*2. Of the barriers described in question one, are there characteristics specific to Maine (geographically, economically, demographically) that contribute to the significance of the issue here?*

a) Income in Maine is fairly low ([30th](https://www.statsamerica.org/sip/rank_list.aspx?rank_label=pcpi1) among the states in per capita income) making health insurance cost a particular burden here. As reported by [KFF](https://www.kff.org/health-costs/issue-brief/americans-challenges-with-health-care-costs/), for the country at large, “About one-third of insured adults worry about affording their monthly health insurance premium.”

b) Again, because of relatively low income, fear of medical debt resulting from point of service charges no doubt affects people’s willingness to access care. According to [Consumers for Affordable Health Care](https://www.mainecahc.org/majority-of-mainers-concerned-with-medical-debt-rising-healthcare-costs/), “More than four out of ten Mainers have medical debt in their household, and nearly all of them who’ve accrued that debt within the past two years still have it.”

Also, health care is often far away in a rural state like Maine, which adds to the cost of accessing it. “On average, medical care is most expensive in small, rural hospitals located in northern or eastern Maine, while medium-sized urban hospitals in southern Maine offer the most affordable care.” ([Health Care Costs in Maine](https://mainepolicy.org/wp-content/uploads/Healthcare-Costs-in-Maine.pdf)) Point of service costs are of particular concern in these areas as pointed out by the [Commonwealth Fund:](https://www.commonwealthfund.org/blog/2023/rural-americans-struggle-medical-bills-and-health-care-affordability#:~:text=The%20survey%20found%20that%20nearly,to%20pay%20their%20medical%20bills.) “Rural Americans are more likely to report financial barriers to utilizing health care compared to rural residents in any other high-income country.”

c) This is probably the same in Maine as in other states and Maine does offer [CompareMaine](https://www.comparemaine.org/). However, this is far from foolproof and requires some medical sophistication to utilize. “Only a small percentage of health insurance enrollees utilize their carrier’s cost comparison tool (when such a tool is even available).” ([Health Care Costs in Maine](https://mainepolicy.org/wp-content/uploads/Healthcare-Costs-in-Maine.pdf))

*3. With as much specificity as possible, please identify and describe the top state health policy changes your organization would recommend [to] reduce or eliminate these barriers.*

a) After studying the health care access barriers intrinsic to the commercial health insurance system, I’ve concluded that only by replacing that system with a publicly funded universal health care system (a so-called single-payer system), in which payment (tax, premium) is income based, can equitable and affordable access be achieved. In addition, a publicly funded system has the potential to reduce health care costs in general through physician and drug price negotiations, institutional global budgets, major reductions in Billing and Insurance Related costs for providers (estimated to be [18%](https://bmchealthservres.biomedcentral.com/articles/10.1186/s12913-014-0556-7) of U.S. health care expenditures currently), and lower overhead for the payer because of simplification and absence of profit (high medical loss ratios for Medicare and MaineCare).

b) In a single-payer system, funding is entirely anticipatory: there are no or only minimal point-of-service costs. Thus, patients do not avoid care and the system avoids much of the cost of postponed, often more complicated and expensive care. As for concern that cost sharing is needed to control costs, the classic [Rand Health Insurance Experiment](https://www.rand.org/pubs/research_briefs/RB9174.html#:~:text=In%20a%20large%2Dscale%2C%20multiyear,services%20in%20roughly%20equal%20proportions.) “… showed that cost sharing can be a blunt tool. It reduced both needed and unneeded health services. Indeed, subsequent RAND work on appropriateness of care found that economic incentives by themselves do not improve appropriateness of care or lead to clinically sensible reductions in service use.”

Transportation costs will always be a problem in Maine, but one of the priorities of most single-payer systems (state-based as well as national) is making care available where it is needed, as in northern rural areas, not where it is most profitable, as in southern urban areas.

c) Again, health care costs being “pre-paid” in a single-payer system, there is no cost uncertainty and thus patients are not reluctant to access the care their physicians recommend.

*4. Please share any additional comments.*

Disruptive as replacement of our present multi-payer system with a single-payer one sounds, I would argue that such reform would be less disruptive than the effect the uncontrollable costs and complexities of health care will eventually have on patients, providers, and taxpayers. Therefore, my recommendation is that the OAHC, in addition to its other activities, pursue study, including fiscal study, of a single-payer health care system for Maine and advise the Legislature of the results for possible legislative action. Previous fiscal analyses of single-payer systems in Maine—the 2002 [Mathematica study](https://www.healthcare-now.org/single-payer-studies/maine-mathematica-2002/) and the 2019 [Maine Center for Economic Policy study—](https://legislature.maine.gov/doc/3626)have found savings for most of the population, as have a variety of other [state single payer studies](https://www.healthcare-now.org/single-payer-studies/listing-of-single-payer-studies/) in other states.