# OFFICE OF AFFORDABLE HEALTH CARE

Public Hearing
September 27th, 2023

# AGENDA

- Office of Affordable Health Care Overview
  - Structure and duties
  - Guiding principles
  - Purpose of this hearing
- Landscape of Health Care Costs: What the Data Tells Us
- Public Comment
  - Reminder: written comments will be accepted until midnight on Friday, October 6th.
  - Templates for comment and submission information can be found at https://www.mainecahc.org/our-services/policy/oahc-public-hearing/

# THE OFFICE OF AFFORDABLE HEALTH CARE

Overview

# AUTHORIZING STATUTE AND STRUCTURE

The Office of Affordable Health Care (OAHC) was authorized in PL 2021 Ch. 518, codified at 5 MRSA Part 8, Ch. 310-A.

- The office is established as an independent state agency, it is not part of an existing executive branch department or division
- The office works under the general policy direction of an Advisory Council and the Committee of Jurisdiction (the Joint Standing Committee on Health Coverage, Insurance, and Financial Services [HCIFS])

# ABOUT THE ADVISORY COUNCIL

The Advisory Council includes 11 voting members who are appointed by the legislature to represent stakeholder interests and areas of expertise. The Commissioners of the Department of Administrative and Financial Services and Health and Human Services (or their designees) serve as ex-officio non-voting members.

| Member | Area of expertise/ representation |
|---|---|
| Trevor Putnoky (Chair) | Purchasers of health care |
| Kate Ende (Vice Chair) | Health care consumer advocate |
| Christy Daggett | Health economics and research |
| Renee Fay-LeBlanc | Primary care provider interests |
| Katie Fullam-Harris | Hospital interests |
| Anne Graham | Health care workforce |
| Kevin Lewis | Health insurance interests |
| Trish Riley | Health economics and research |
| Jeff Sanford | Health care management, finance, administration |
| Malory Shaughnessy | Behavioral health care interests |
| Carl Toney | Interests of older residents |
| Jordan Rhodes | ex officio - Department of Health and Human Services |
| Heather Perreault | ex officio - Department of Administrative and Financial Services |

# DUTIES OF THE OFFICE - SUMMARY

- The Office is directed to:
  - Analyze health care cost growth trends and health care spending trends, and monitor the adoption of alternative payment methods in Maine and nationally
  - Develop proposals to:
    - Improve the cost-efficient provision of high-quality health care
    - Improve coordination, efficiency, and quality of the health care system
    - Improve consumer experience with the health care system
    - Improve health care affordability and coverage for individuals and small businesses in the State
  - Provide staffing assistance to the Maine Prescription Drug Affordability Board

# DELIVERABLES OF THE OFFICE

- Must hold an annual public meeting by October 1st each year
- Must report annually to the Governor and the legislative oversight committee
- One time requirement to study "*policies aimed at improving health care affordability and coverage, including effects on the affordability of premiums and cost-sharing in the individual and small group health insurance markets, and the effects of the policies on enrollment in comprehensive health coverage.*"
  - During the 2023 legislative session, a resolve was passed making some clarifications to the requirement, and directing the office to provide a study of publicly-administered public option models to the HCIFS committee by January 31, 2024.
  - Additional policies will be studied and reported on by January 31, 2025.

# GUIDING PRINCIPLES

## Focus on the "big picture"

- Prioritize opportunities with the most significant opportunity for meaningful long-term impact
- Recognize the complexity of interdependent systems and actors in health care

## Define affordability from a consumer perspective

- Focus on cost control policies that provide relief for end-payers (individuals and families, businesses, government), with a particular emphasis on consumer cost burden that may result in delayed or deferred care
- Avoid policies that simply shift costs, unless cost-shifting is undertaken intentionally to promote better outcomes

## Deliver results

- Take into account whether proposals are achievable, and other implementation considerations
- Recognize that continuing the status quo is not sustainable

# PURPOSE OF THIS HEARING

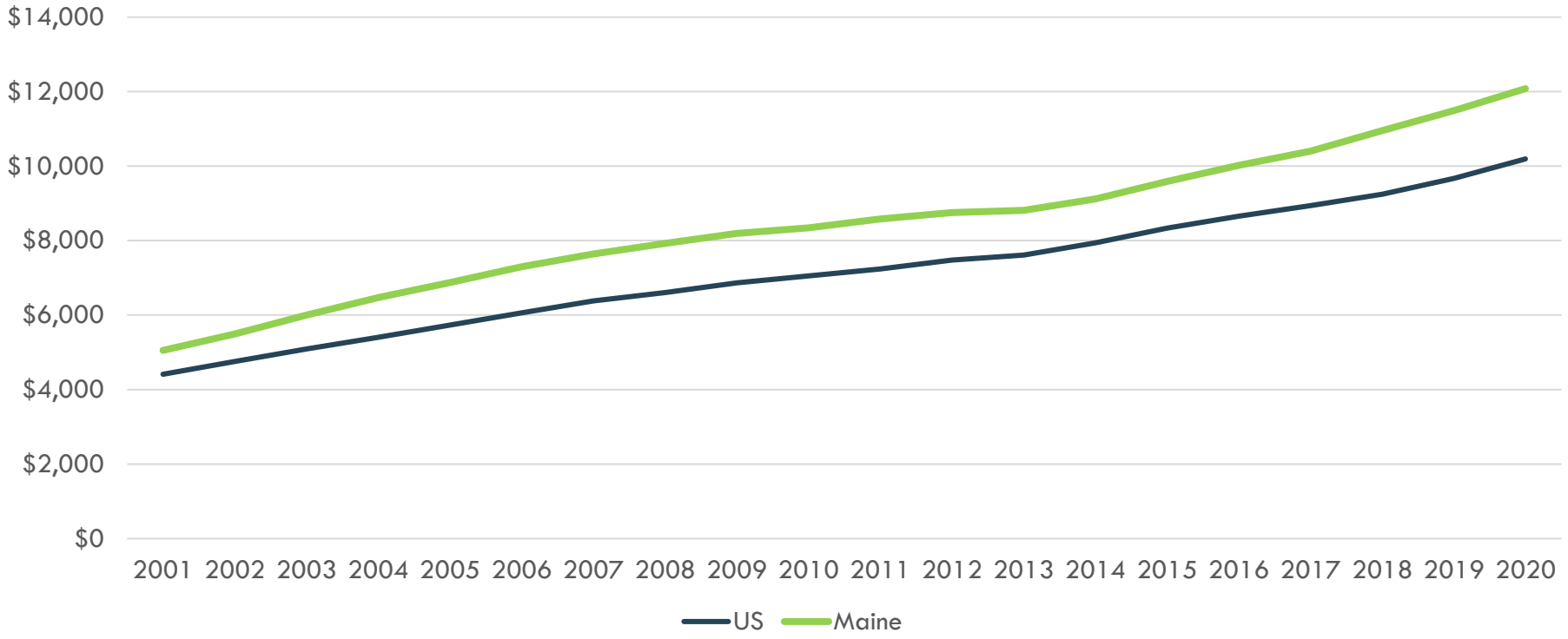
- To share the work of the office, including its analysis of cost trends and barriers to health care affordability.
- To provide a forum and process for soliciting public comment on cost trends and barriers to affordability. Public comment will inform:
  - The annual report that will be submitted to the HCIFS committee in January of each year.
  - Analysis and interpretation of data on spending and costs.
  - The office's work to develop priority initiatives and recommended policies.

# THE LANDSCAPE OF HEALTH CARE COSTS

What Data Tells Us

# HEALTH CARE SPENDING IN MAINE

# HEALTH EXPENDITURES PER CAPITA

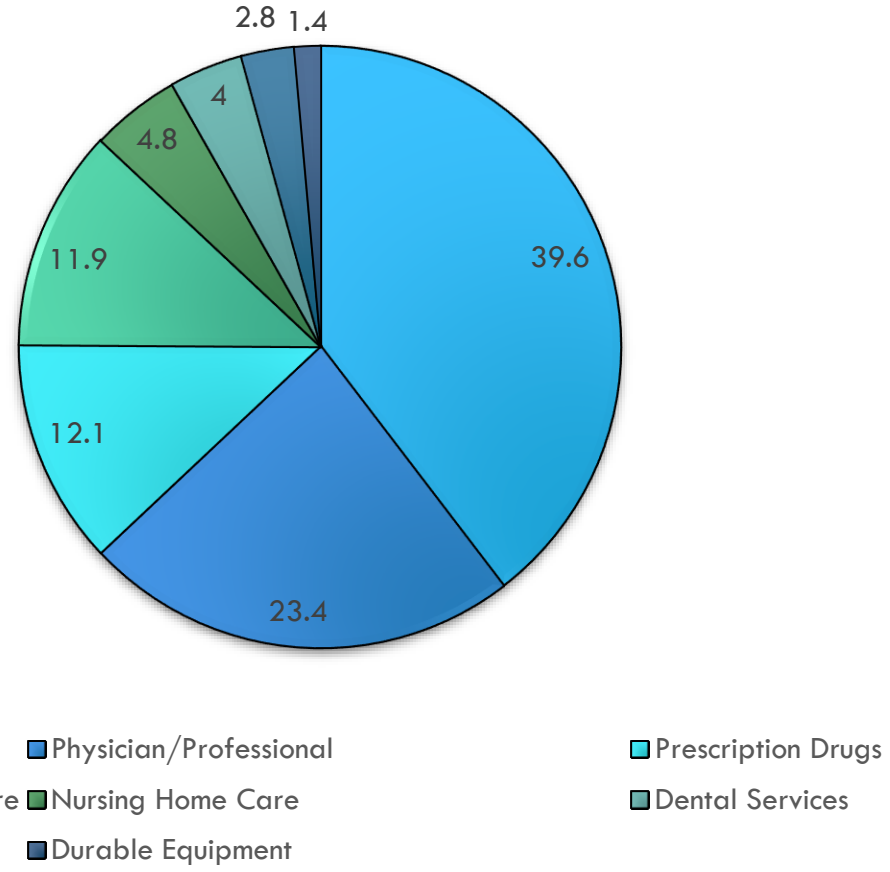



Maine's per capita spending on health care is higher than the U.S. average, and has grown at a faster rate in recent decades. Maine currently has the 10th highest per capita health expenditures in the country.

SOURCE: CENTERS FOR MEDICARE & MEDICAID SERVICES, OFFICE OF THE ACTUARY, NATIONAL HEALTH STATISTICS GROUP. NATIONAL HEALTH EXPENDITURE DATA: HEALTH EXPENDITURES BY STATE OF RESIDENCE, AUGUST 2022.

# DISTRIBUTION OF HEALTH SPENDING IN MAINE (2019)

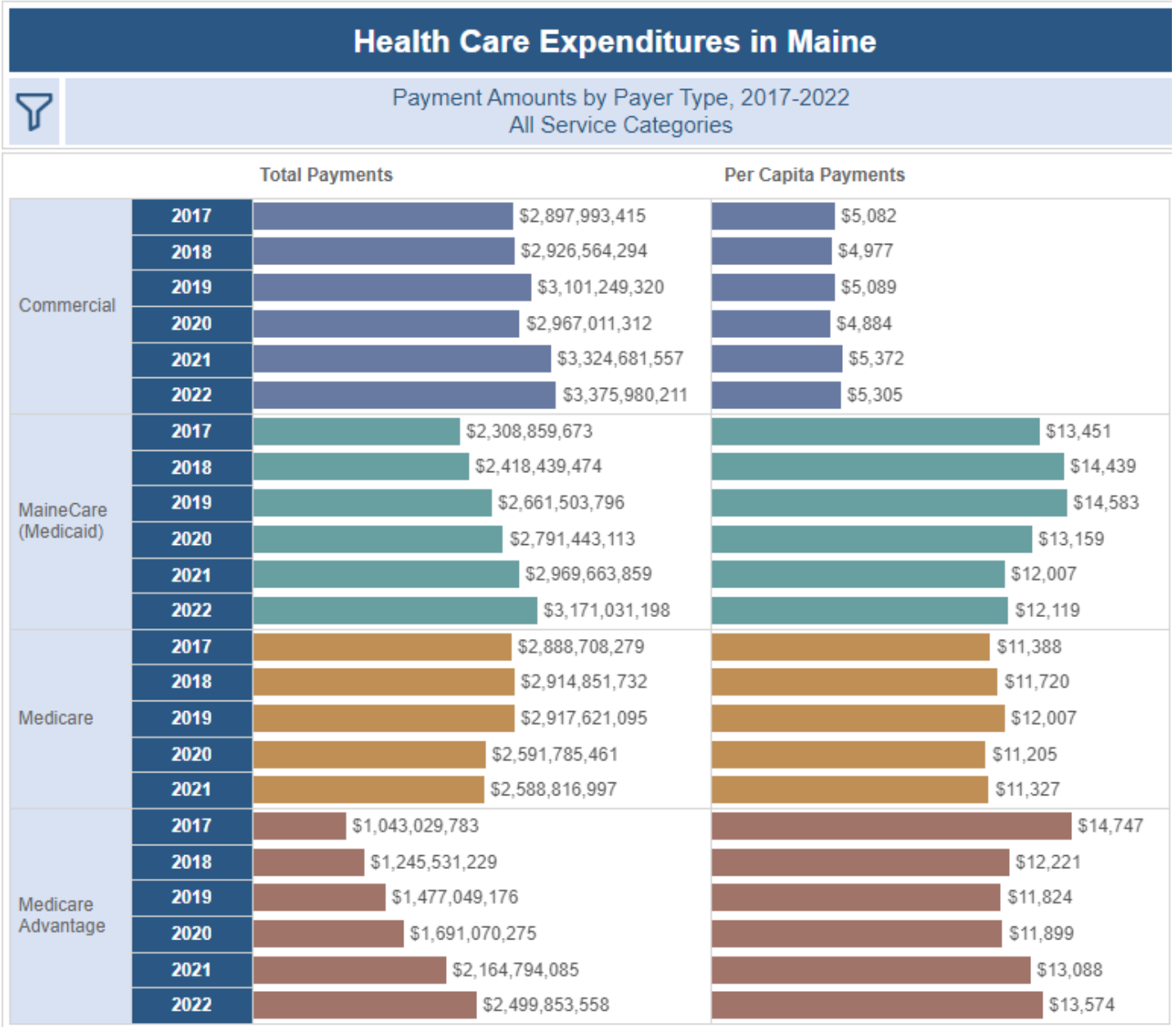
Spending on hospital care makes up the largest percentage of Maine's total health spending, followed by physician and professional services, then prescription drugs




SOURCE: CENTERS FOR MEDICARE & MEDICAID SERVICES, OFFICE OF THE ACTUARY, NATIONAL HEALTH STATISTICS GROUP. NATIONAL HEALTH EXPENDITURE DATA: HEALTH EXPENDITURES BY STATE OF RESIDENCE, AUGUST 2022.

# MHDO ANALYSIS OF EXPENDITURES

Maine Health Data Organization's analysis of claims data also shows fairly consistent growth in total commercial spending, with the exception of a reduction in 2020 associated with the deferral of care at the outset of the COVID-19 pandemic.

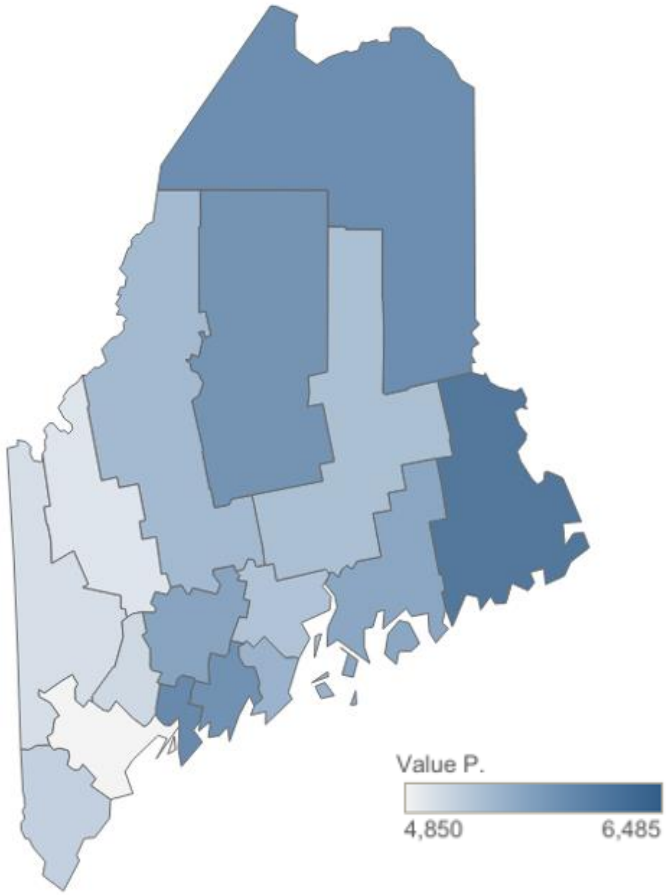



MAINE HEALTH DATA ORGANIZATION, HEALTH CARE EXPENDITURES IN MAINE: BASELINE REPORT 2.0, SEPTEMBER 2023

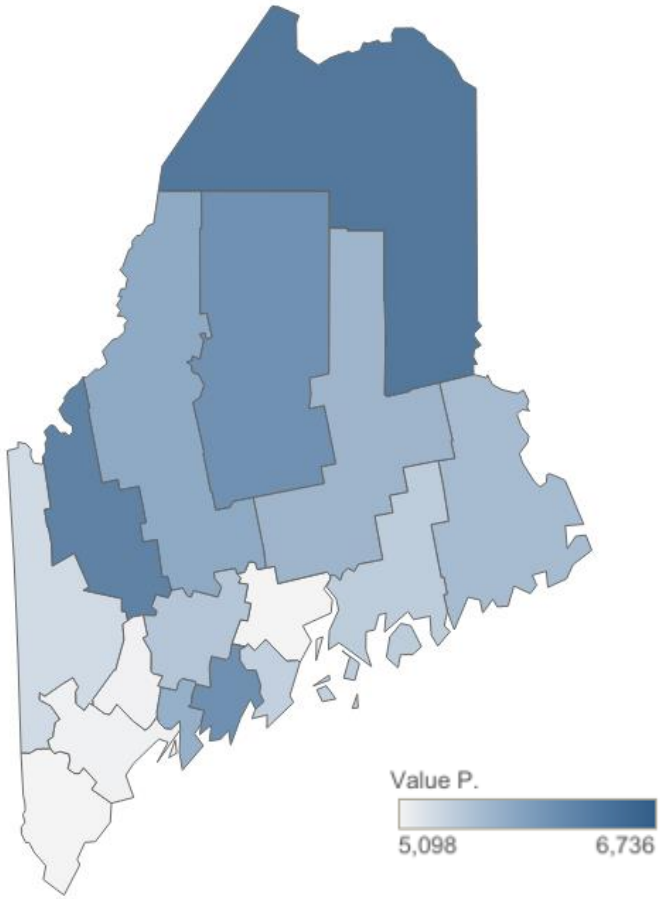
# PER CAPITA SPENDING BY COUNTY – COMMERCIAL INSURANCE

More rural areas of the state generally have higher per capita spending.

2017



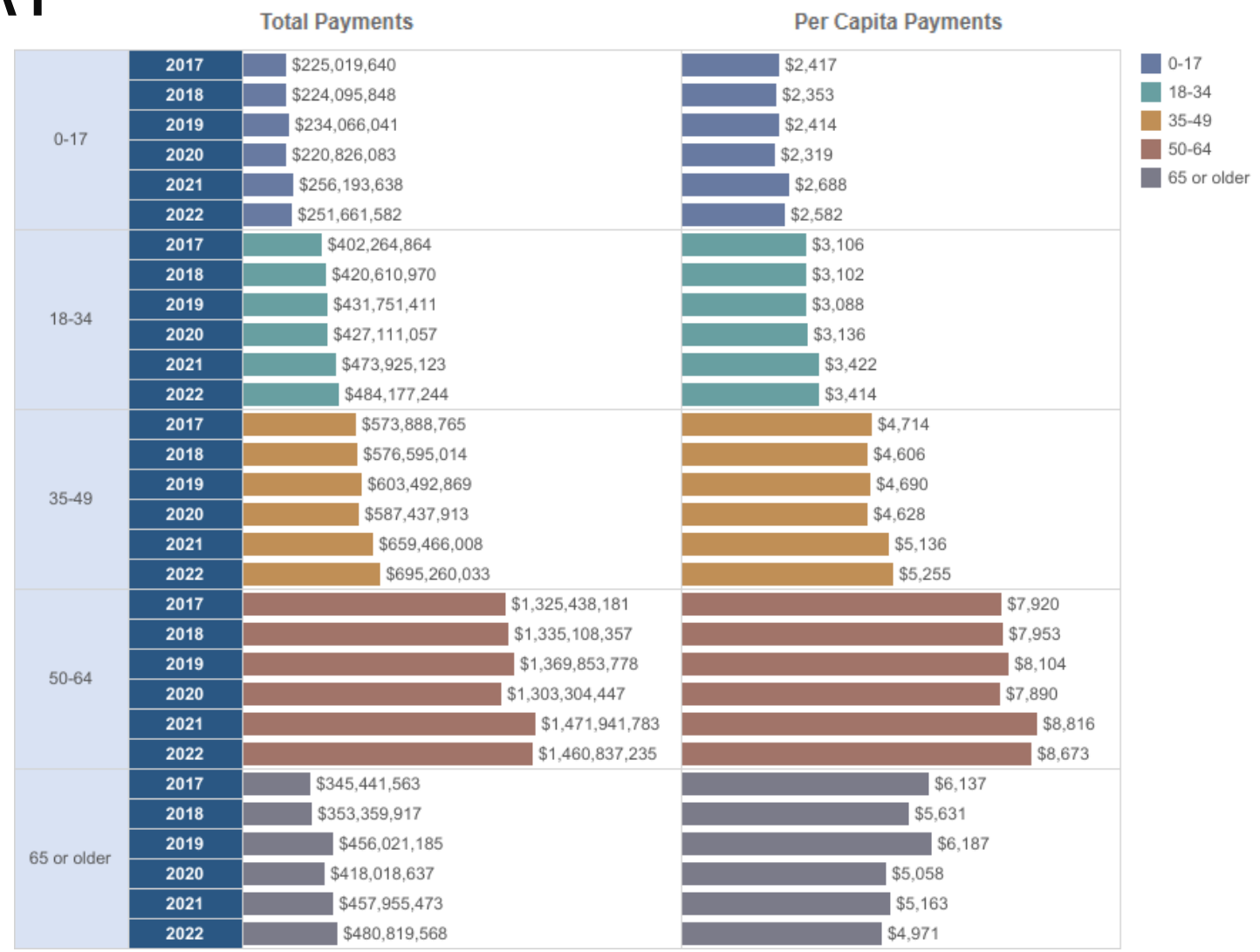

2021




MAINE HEALTH DATA ORGANIZATION, HEALTH CARE EXPENDITURES IN MAINE: BASELINE REPORT 2.0, SEPTEMBER 2023

# SPENDING BY AGE CATEGORY COMMERCIAL INSURANCE

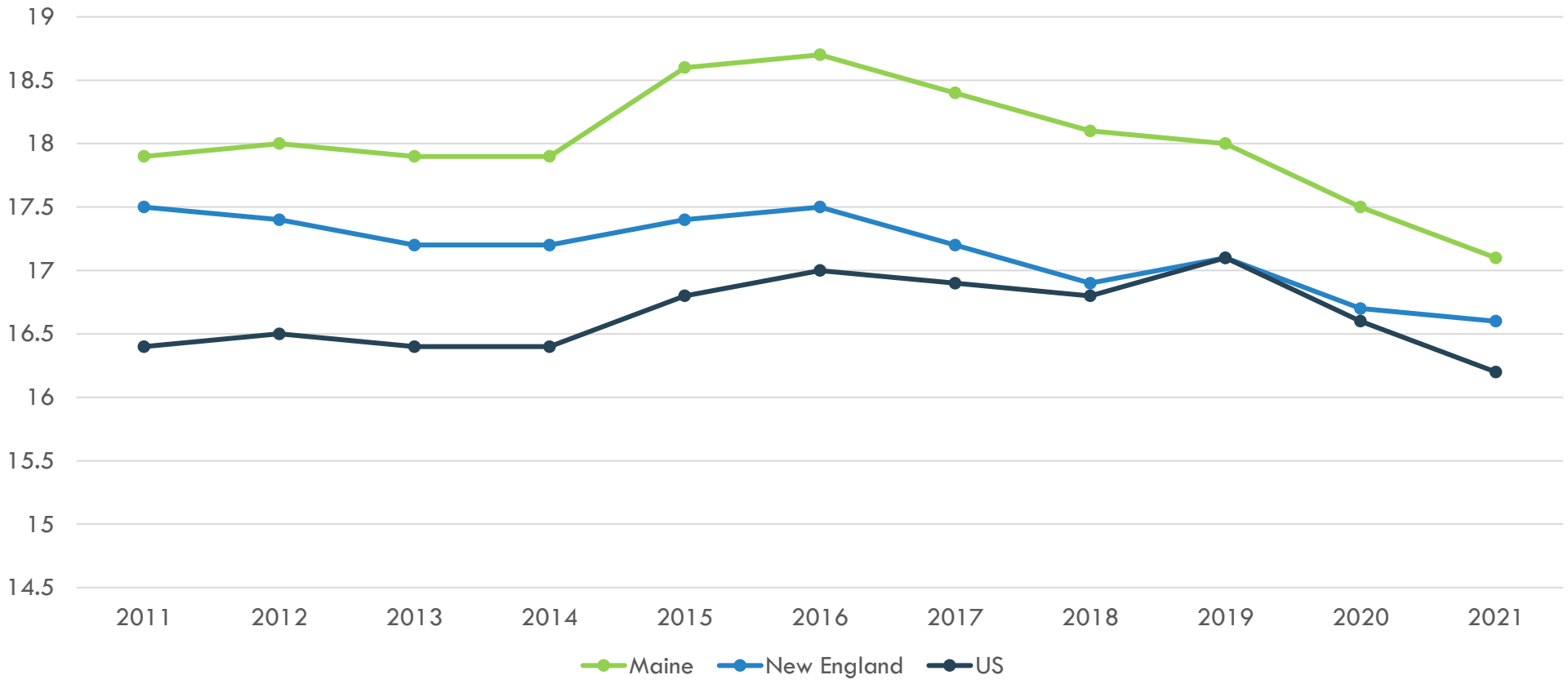
Total and per capita spending increases with age through age 64, when commercial spending drops off as most individuals transition to Medicare coverage.




MAINE HEALTH DATA ORGANIZATION, HEALTH CARE EXPENDITURES IN MAINE: BASELINE REPORT 2.0, SEPTEMBER 2023

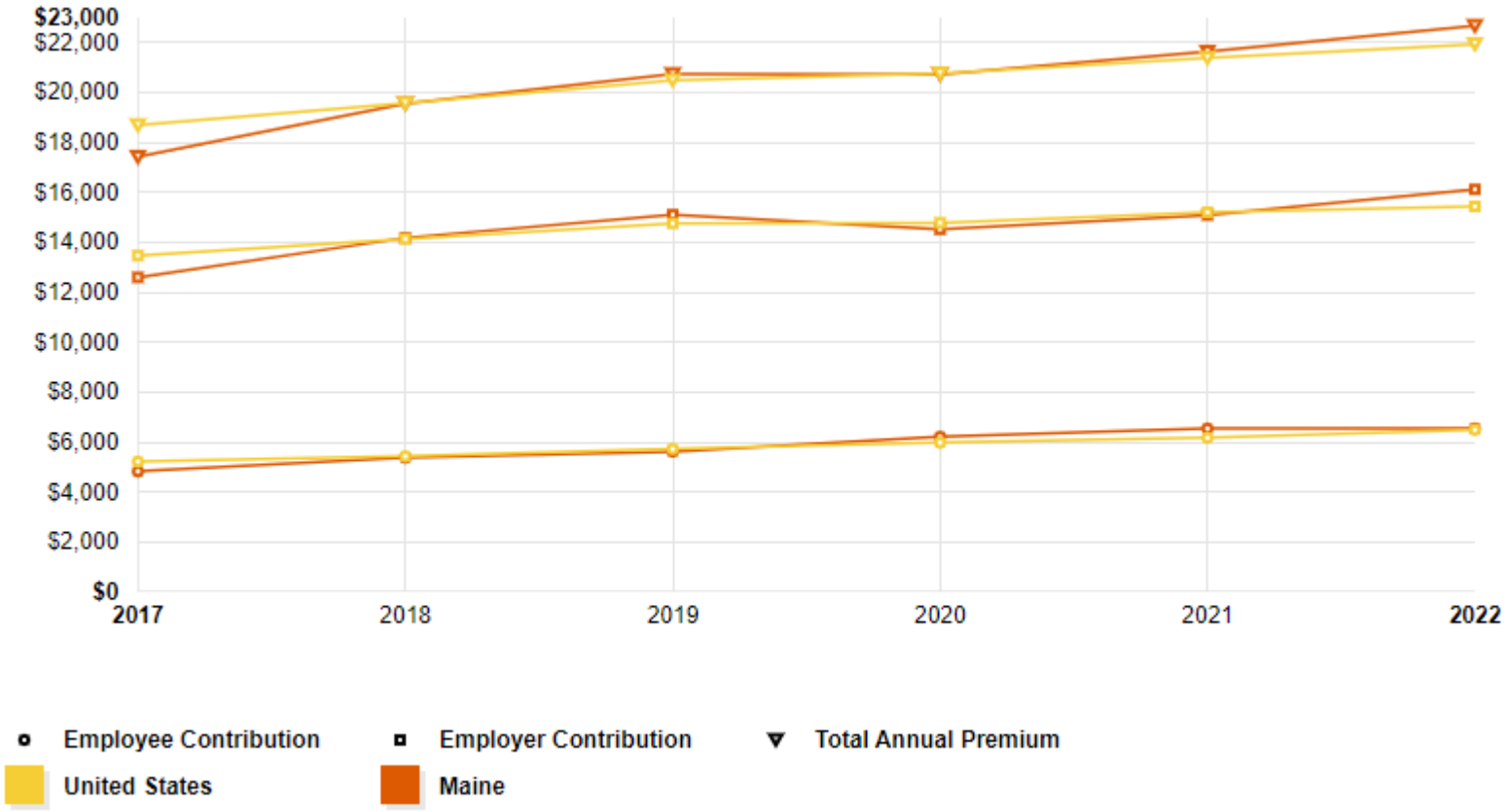
# CONSUMERS' EXPERIENCE OF HEALTH CARE COSTS THROUGH INSURANCE

# HEALTH EXPENDITURES AS A PERCENTAGE OF TOTAL PERSONAL EXPENDITURES




SOURCE: MAINE DEVELOPMENT FOUNDATION, 2022 MEASURES OF GROWTH REPORT, NOVEMBER 2022.

# PREMIUMS FOR EMPLOYER-SPONSORED COVERAGE

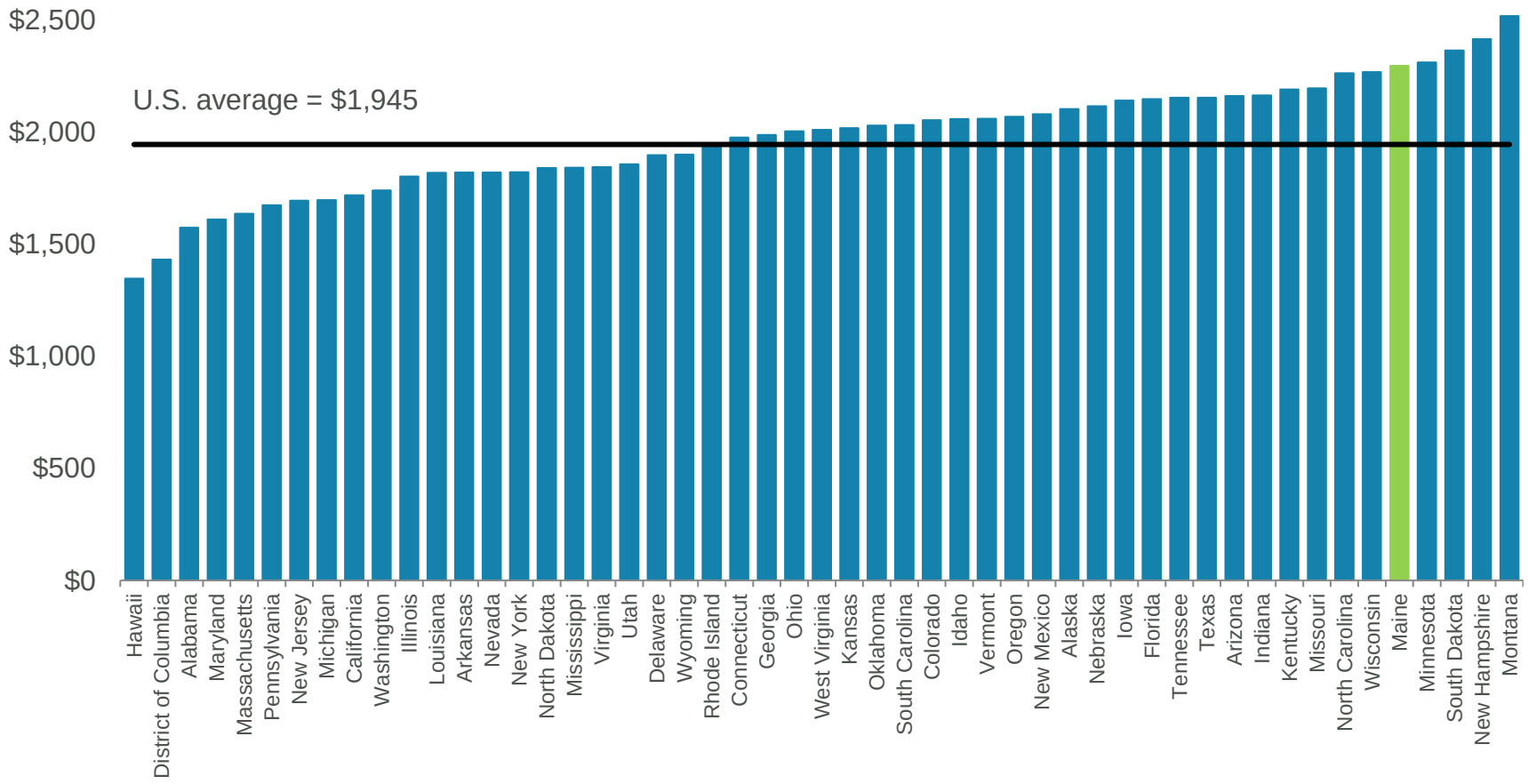



Average family premiums for employer-sponsored coverage in Maine rose 30% between 2017 and 2022.

Average employee contributions rose 35% over the same time period.

SOURCE: KFF ANALYSIS OF DATA AVAILABLE THROUGH THE AGENCY FOR HEALTHCARE RESEARCH AND QUALITY, CENTER FOR FINANCING, ACCESS AND COST TRENDS. MEDICAL EXPENDITURE PANEL SURVEY INSURANCE COMPONENT.

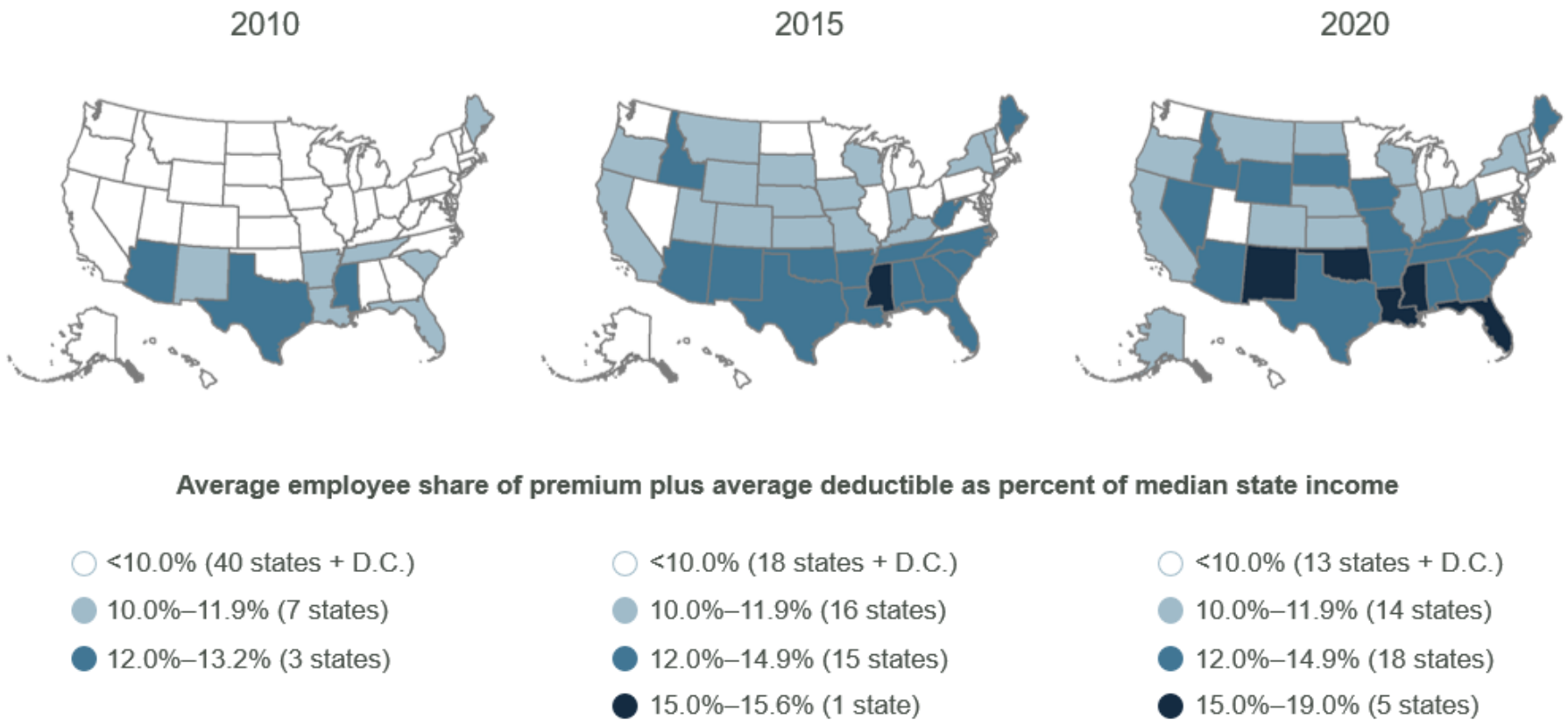
# AVERAGE DEDUCTIBLE FOR SINGLE COVERAGE




Employer sponsored insurance premiums in Maine are slightly above the national average, but our state has among the highest average deductible for employer-sponsored health insurance plans

SOURCE: SARA R. COLLINS, DAVID C. RADLEY, AND JESSE C. BAUMGARTNER, STATE TRENDS IN EMPLOYER PREMIUMS AND DEDUCTIBLES, 2010-2020 (COMMONWEALTH FUND, JANUARY 2022).

# PREMIUMS AND DEDUCTIBLES AS A PERCENT OF INCOME




Note: Combined estimates of single and family premium contributions and deductibles are weighted for the distribution of single-person and family households in the state.

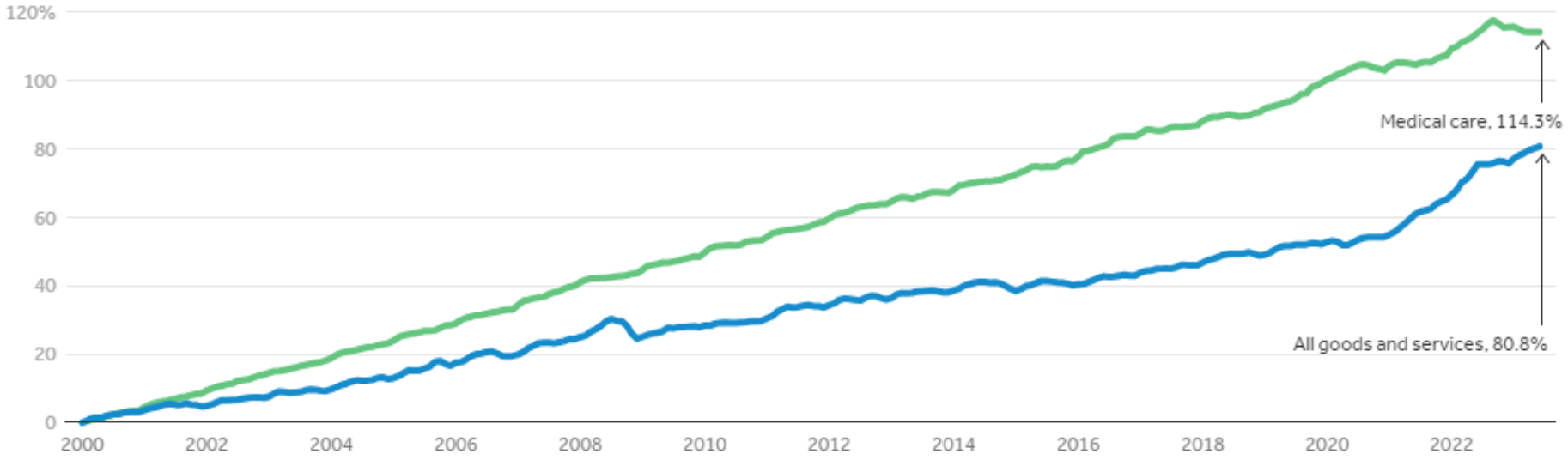
Data: Premium contributions and deductibles — Medical Expenditure Panel Survey–Insurance Component (MEPS–IC), 2010–2020; Median household income and household distribution type — analysis of Current Population Survey (CPS), 2010–2021, by Mikaela Springsteen and Sherry Glied of New York University for the Commonwealth Fund.

# WHAT DRIVES HIGH AND RISING SPENDING? REVIEWING NATIONAL DATA

# HOW DOES MEDICAL SPENDING COMPARE TO OTHER GOODS AND SERVICES?

Spending on medical services (by individuals, commercial payers, businesses, and government) has grown at a faster rate than other goods and services in the past 20 years. This suggests that factors unique to the health care sector are driving spending increases, rather than input costs shared across industries (e.g., labor or facility operation costs).

Cumulative percent change in Consumer Price Index for All Urban Consumers (CPI-U) for medical care and for all goods and services, January 2000 -June 2023

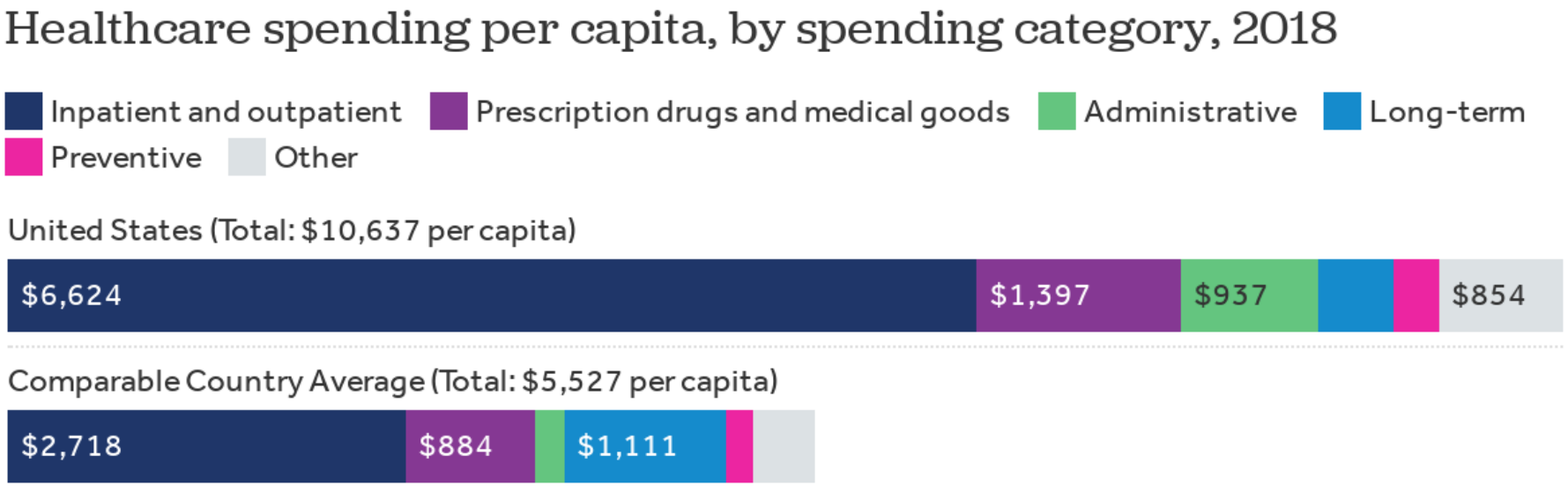



Note: Medical care includes medical services as well as commodities such as equipment and drugs.

Source: KFF analysis of Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) data • Get the data • PNG

Peterson-KFF Health System Tracker

# HOW DOES PER CAPITA SPENDING IN THE U.S. COMPARE TO COMPARABLE COUNTRIES?

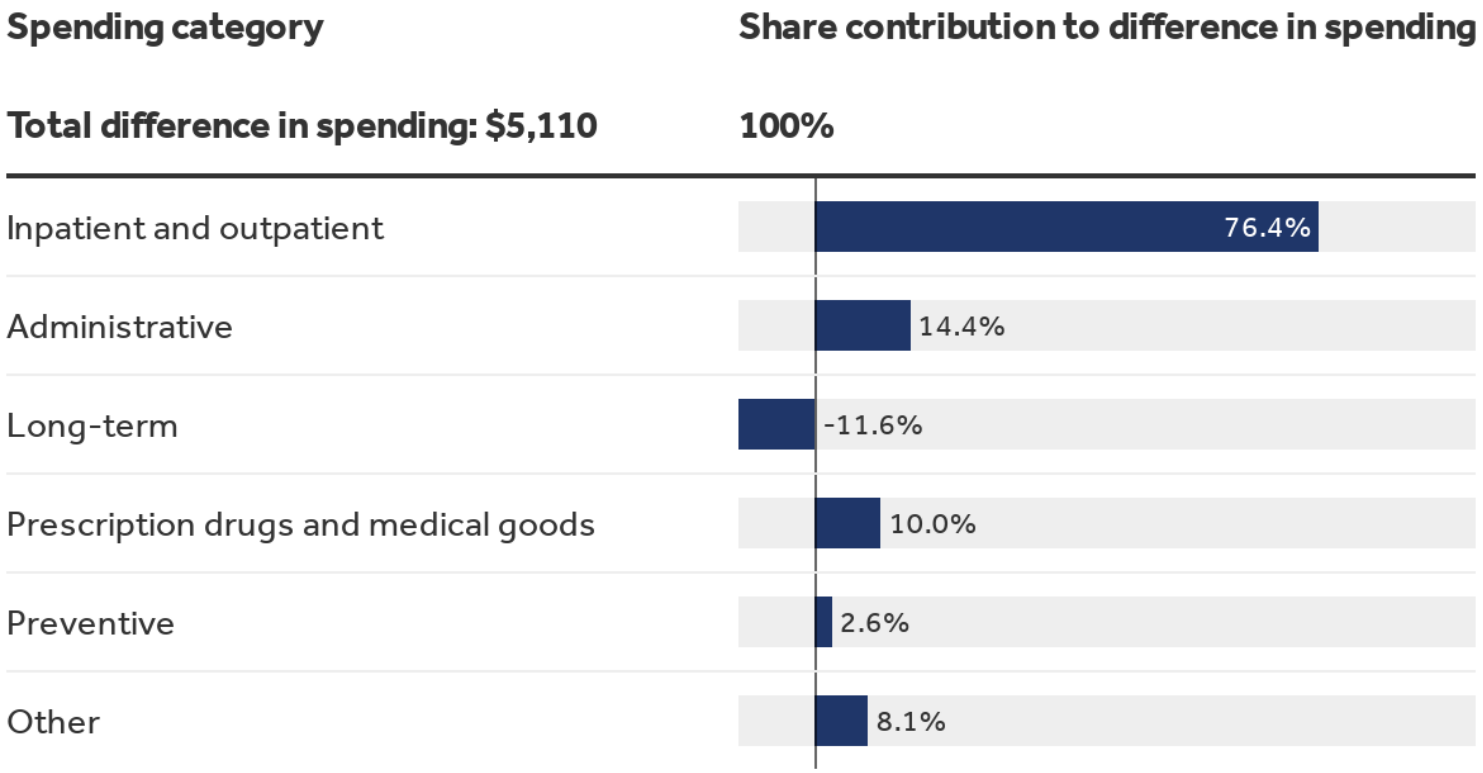



Note: Comparable countries include Austria, Belgium, Canada, France, Germany, Netherlands, Sweden, Switzerland, and the United Kingdom.

Source: KFF analysis of OECD Health Statistics

Peterson-KFF Health System Tracker

## Distribution of difference in per capita health spending between the U.S. and comparable countries, by spending category, 2018




Comparable countries include Austria, Belgium, Canada, France, Germany, Netherlands, Sweden, Switzerland, and the United Kingdom.

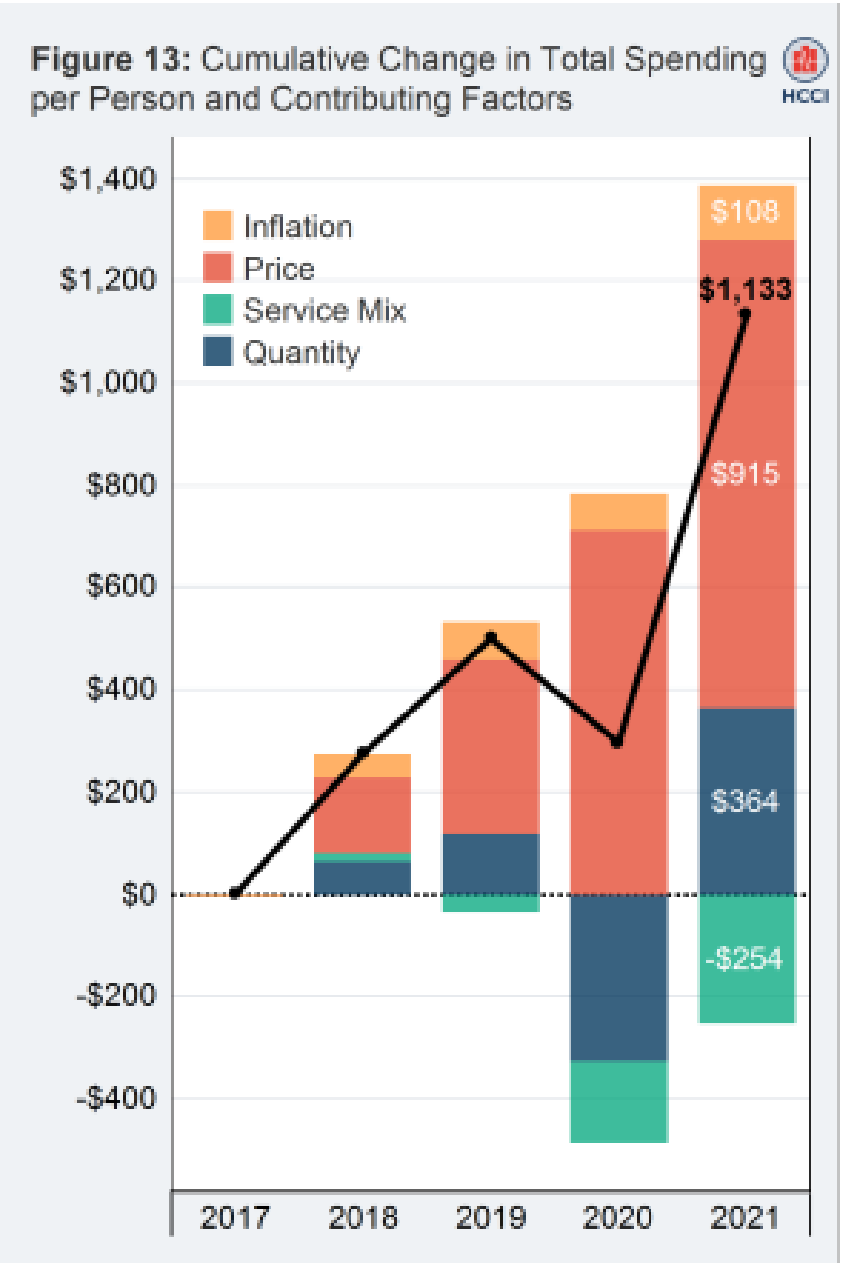
Source: KFF analysis of OECD Health Statistics.

Peterson-KFF Health System Tracker

While spending on administration and prescription drugs are higher in the U.S., the main driver of relatively high health expenditures in the U.S. is spending on inpatient and outpatient care.

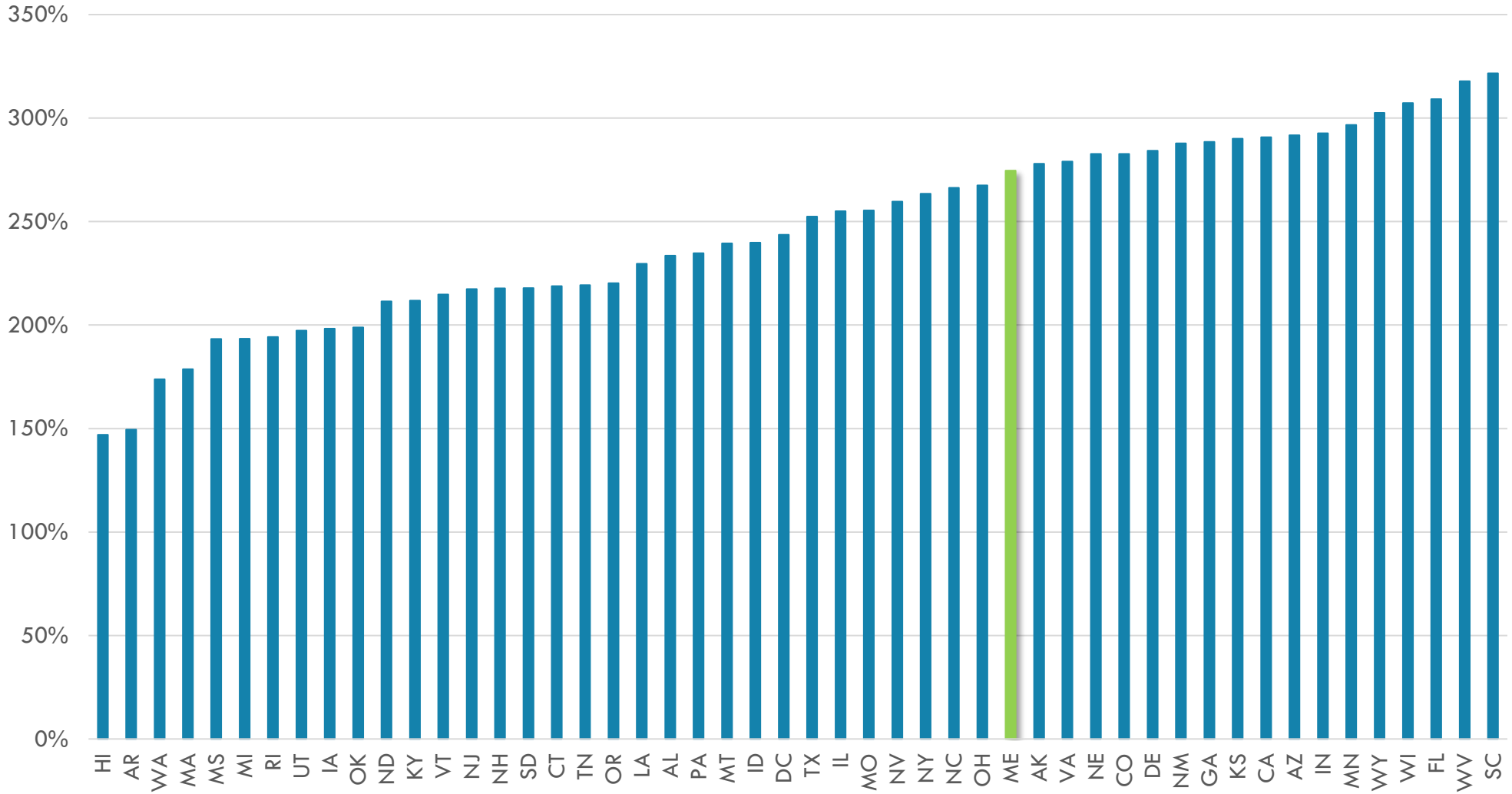
# HOW DO CHANGES IN PRICE AND UTILIZATION CONTRIBUTE TO INCREASED SPENDING?

In national commercial claims data analyzed by the Health Care Cost Institute, inflation accounted for 7% of the change in total spending between 2017 and 2021, while rising prices accounted for 56% of the change.




SOURCE: HEALTH CARE COST INSTITUTE. 2021 HEALTH CARE COST AND UTILIZATION REPORT. APRIL 2023.

# PRICES PAID TO HOSPITALS BY PRIVATE PAYERS AS A PERCENT OF MEDICARE PRICE



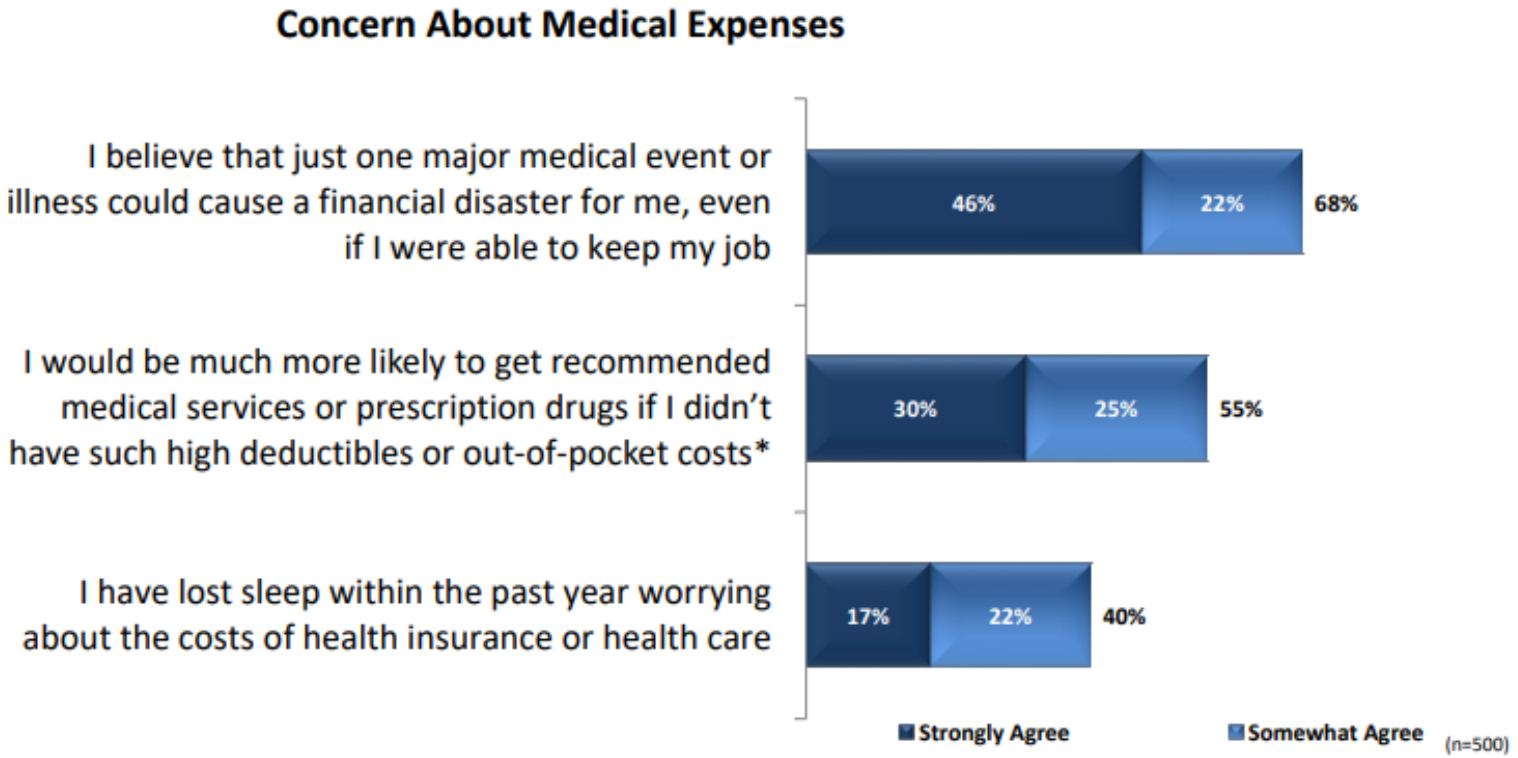

While Maine's aging population is likely a factor in higher per capita spending, prices are as well. Maine's average hospital prices are 275% of Medicare prices, the 18th highest in the country.

SOURCE: RAND CORPORATION, PRICES PAID TO HOSPITALS BY PRIVATE HEALTH PLANS FINDINGS FROM ROUND 4 OF AN EMPLOYER-LED TRANSPARENCY INITIATIVE, JULY 2022.

# MAINE PEOPLE STRUGGLE WITH HEALTH CARE COSTS

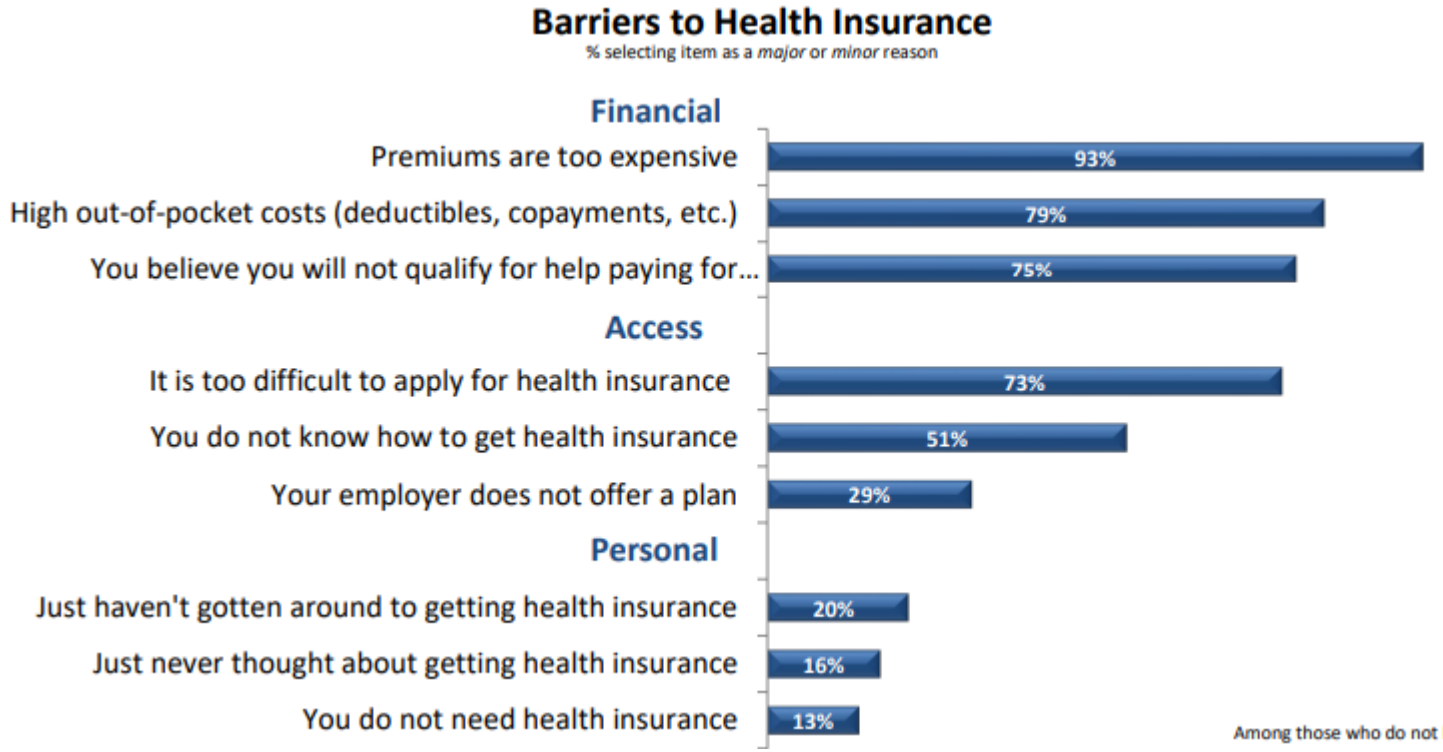
# HOW HEALTH CARE COSTS ARE IMPACTING MAINE PEOPLE

In a survey conducted in December 2022, nearly 70% of Mainers said they believe just one major medical event or illness could bankrupt them. More than half said that cost was a barrier to accessing care.




SOURCE: MAINE CONSUMERS FOR AFFORDABLE HEALTH CARE, "VIEWS OF MAINE VOTERS ON HEALTH CARE AFFORDABILITY," MAY 2023

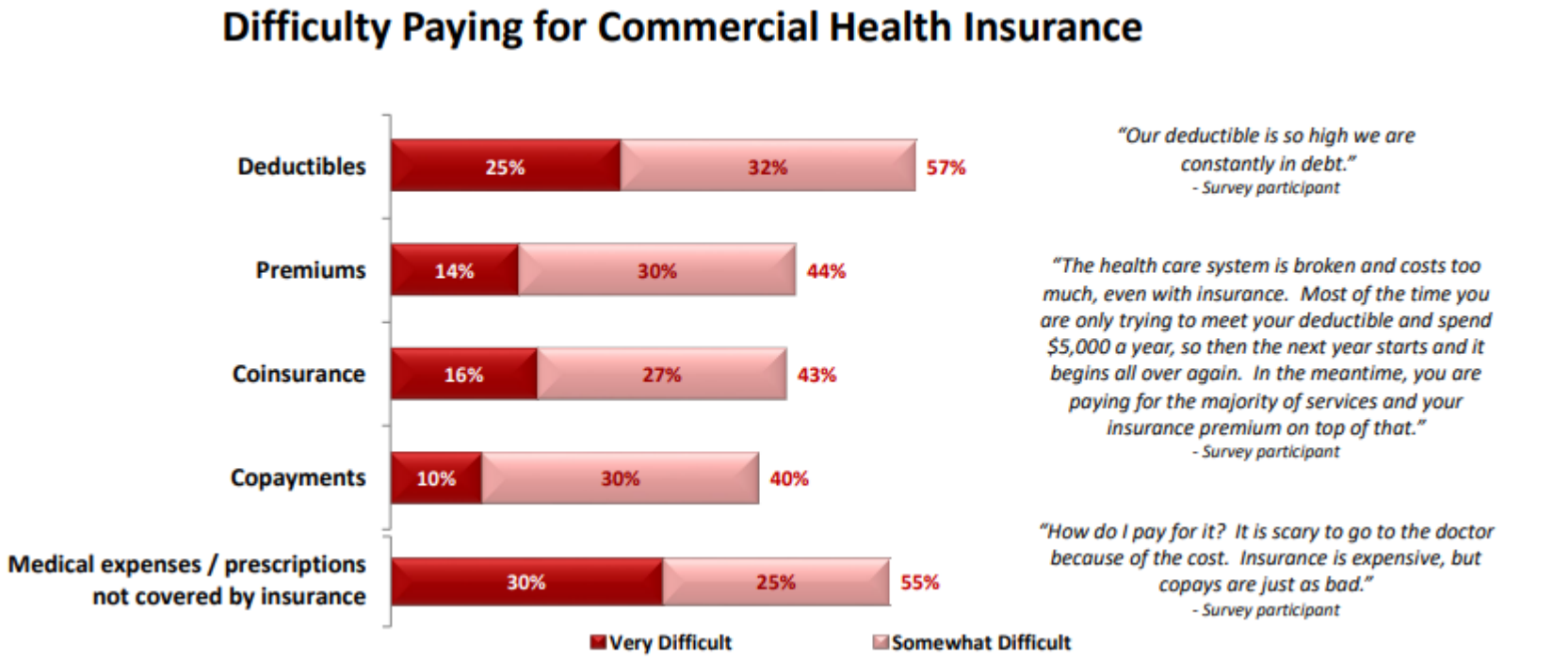
# HOW HEALTH CARE COSTS ARE IMPACTING MAINE PEOPLE




Respondents without health insurance cited financial barriers, specifically premiums and high out of pocket costs, as the primary reason for not having coverage.

SOURCE: MAINE CONSUMERS FOR AFFORDABLE HEALTH CARE, "VIEWS OF MAINE VOTERS ON HEALTH CARE AFFORDABILITY," MAY 2023

# HOW HEALTH CARE COSTS ARE IMPACTING MAINE PEOPLE



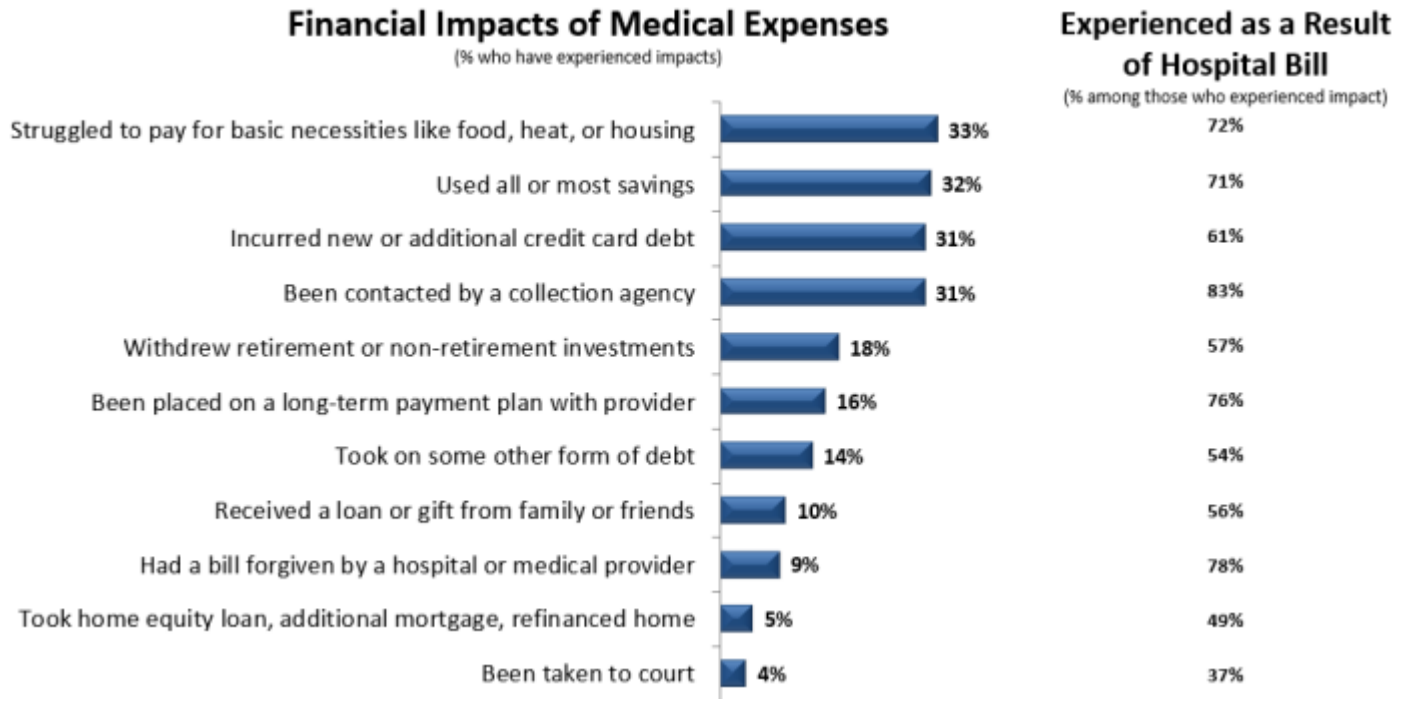

Respondents with insurance pointed to deductibles and services or prescriptions not covered by insurance as the expenses they had the most difficulty in affording.

SOURCE: MAINE CONSUMERS FOR AFFORDABLE HEALTH CARE, "VIEWS OF MAINE VOTERS ON HEALTH CARE AFFORDABILITY," MAY 2023

# HOW HEALTH CARE COSTS ARE IMPACTING MAINE PEOPLE

More than 60% of Maine families have been financially impacted by unaffordable medical expenses.

Close to half (42%) have medical debt.




SOURCE: MAINE CONSUMERS FOR AFFORDABLE HEALTH CARE, "VIEWS OF MAINE VOTERS ON HEALTH CARE AFFORDABILITY," MAY 2023

# PUBLIC COMMENT