

MAINE STATE LEGISLATURE

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Maine Office of Affordable Health Care 2023 Annual Report

December 31, 2023

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Establishment of the Office

In 2021, the Maine legislature created the Office of Affordable Health Care when it enacted [P.L. 2021 Chapter 459, Section 3](#). The establishing legislation directs the office to:

- Analyze health care cost growth and spending trends, including correlation to quality and consumer experience.
- Monitor the adoption of Alternative Payment Models in Maine and across the country.
- Develop proposals to improve:
 - o the cost-efficient provision of high-quality health care;
 - o coordination, efficiency, and quality of the health care system;
 - o consumer experience with the health care system;
 - o and health care affordability and coverage for individuals and small businesses.
- Provide staffing support to the Maine Prescription Drug Affordability Board.

The Office of Affordable Health Care is an independent executive agency, which works under the general policy direction of an Advisory Council and the Joint Standing Committee on Health Coverage, Insurance, and Financial Services.

The work of the office began in earnest following the appointment of the first Executive Director in March 2023. Over the course of the year, the office has worked on several administrative activities to establish the office as a functional entity and allow for its operation, including securing temporary office space in a vacant state-owned building, establishing relationships with centralized state resources for the administration of financial and human resources functions, and developing the office's website at maine.gov/oahc.

A significant area of focus has been hiring additional staff for the office. In the law establishing the office, the legislature provided authorization for three positions: a Senior Executive II to serve as Executive Director, a Public Service Coordinator II, and a Secretary Specialist. Following the Executive Director's assessment of the needs immediate needs of the office, a budget initiative was submitted and approved to convert the Secretary Specialist position into a Policy Analyst role. This change will allow the office to recruit for a candidate with more specialized health policy experience to support the substantive work of the office, and administrative duties will be shared across all staff. During most of 2023, the Public Service Coordinator position was moving through state processes required for the creation of a new position. The posting for the opening is with the Bureau of Human Resources, and as of December 31st, is awaiting publishing on the state's job opening website. The office anticipates filling that role in the first quarter of 2024.

Another priority has been convening the Advisory Council on Affordable Health Care, a group of diverse stakeholders responsible for advising the office on matters affecting the cost of health care in Maine. The members of the Advisory Council are as follows:

- Trevor Putnoky, Chair – representing purchasers of health care
- Kate Ende, Vice Chair – representing health care consumer advocates
- Christy Daggett – representing health economics and research
- Renee Fay-LeBlanc – representing health care workforce interests
- Katie Fullam-Harris – representing hospital interests
- Rep. Anne Graham – representing primary care providers

- Kevin Lewis – representing health insurance interests
- Trish Riley – representing health economics and research
- Jeff Sanford – representing health care management, finance, and administration
- Malory Shaughnessy – representing behavioral health care interests
- Carl Toney – representing interests of older residents
- Heather Perrault, Deputy Commissioner of Finance – representing the Department of Administrative and Financial Services (*ex-officio*)
- Jordan Rhodes, Director of Research and Policy Analysis – representing the Department of Health and Human Services (*ex-officio*)

The Advisory Council has established a bi-monthly meeting cadence, and met three times in 2023. The group has provided valuable input on establishing a set of guiding principles for the office’s work, the aggregation and presentation of existing available data related to spending and consumer cost burden, and the future analytics agenda of the office. Records of prior Advisory Council meetings, including recordings and materials, can be found on the OAHC website.

Development of Guiding Principles

The statutory mandate of the Office of Affordable Health Care is broad, and given the relatively modest resources available, it is important that the office operates with a framework that allows for the prioritization of workload. In consultation with the Advisory Council on Affordable Health Care, the office has adopted a set of guiding principles within its statutory charge:

- Principle 1: 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
- Principle 2: 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
- Principle 3: Deliver results
 - Take into account whether proposals are achievable, and address implementation considerations
 - Recognize that continuing the status quo is not sustainable

These principles will guide the office’s development of policy recommendations to be provided to the legislature in 2024.

Monitoring and Analysis of Health Care Costs and Spending

The office is working to establish its own analytic framework to fulfill the directive to analyze and report on health care cost growth and spending trends. As of December 2023, the office is collaborating on a Memorandum of Understanding with the Maine Health Data Organization (MHDO) with the goal of

building on MHDO’s existing work and developing a set of interactive dashboards to allow data to be visualized using multiple filters. The analysis will be designed with a strong focus on connecting data to policy questions, to ensure reporting can inform policy development related to the drivers of cost and the correlation between cost and quality of care.

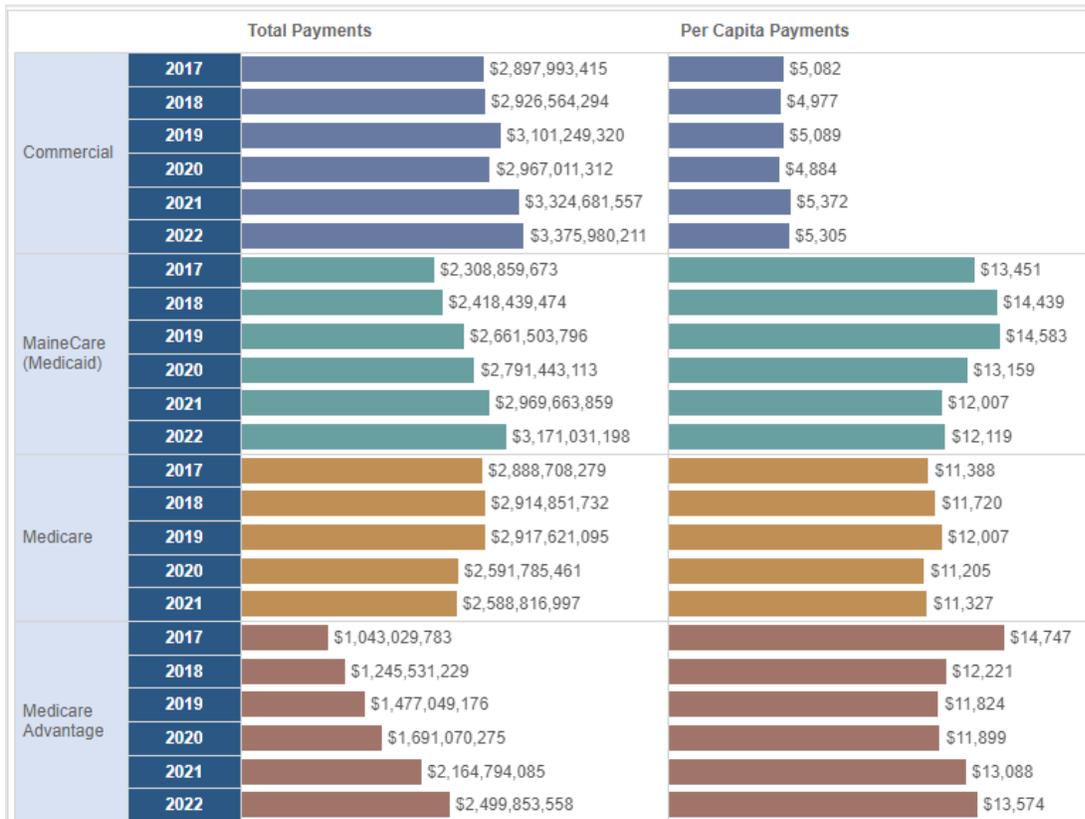
While the office is building out its own data and analytics capacity, it has relied on existing available reporting to inform its initial education and agenda development. In particular, the following three resources provide valuable insight into spending trends and the experience of consumers navigating the health care system in Maine.

Maine Health Data Organization Baseline Report

In 2022, at the request of the Governor’s Office, MHDO produced a report on health care expenditures and health care quality in Maine to serve as a baseline to begin to inform the discussion on health care payments and health care quality in Maine. The [full report](#) includes interactive tableau dashboards that allow users to filter data by a number of categories including payer type, demographics, and service categories.

The analysis shows consistent growth in total spending across the commercial, Medicaid, and Medicare categories, with the exception of a reduction in 2020 associated with the deferral of care at the outset of the COVID-19 pandemic.

Figure 1 – Health Care Expenditures in Maine, Payment Amounts by Payer Type



In the commercial market, total and per capita spending increases with age through age 64, when commercial spending drops off as most individuals transition to Medicare coverage

Figure 2 – Health Care Expenditures in Maine, Payment Amounts by Age Group, Commercial Market

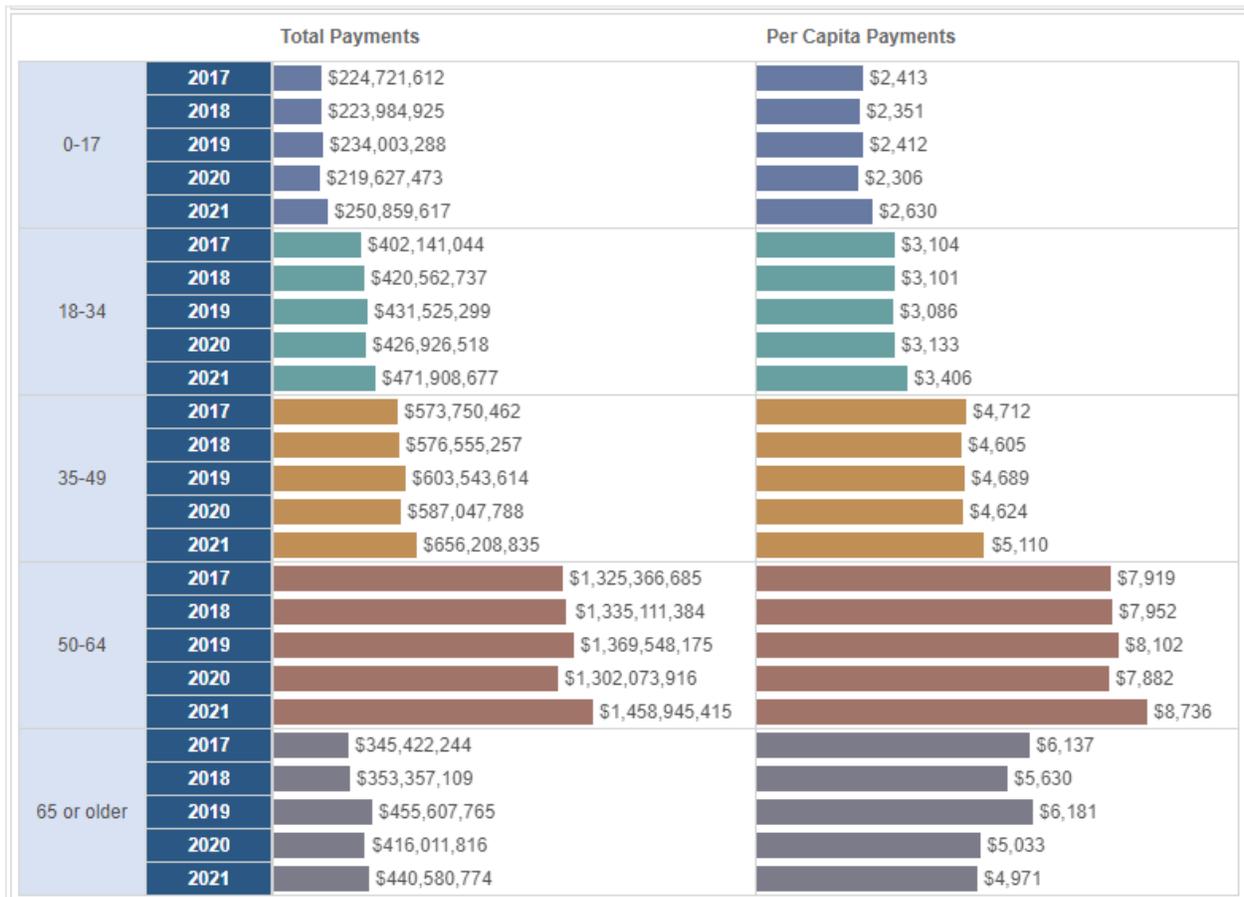
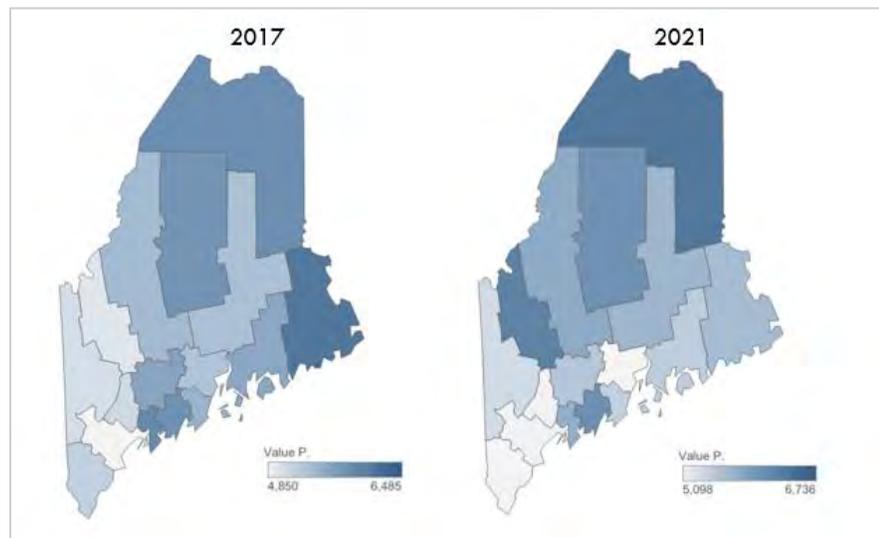


Figure 3 – Health Expenditures in Maine, Per Capita Payments for Maine Counties, Commercial Market

Though there has been variation over time, more rural areas of the state generally have higher per capita commercial spending. Further analysis is needed to understand the drivers of this difference, but one component may be differences in average age and associated health needs and utilization of care.

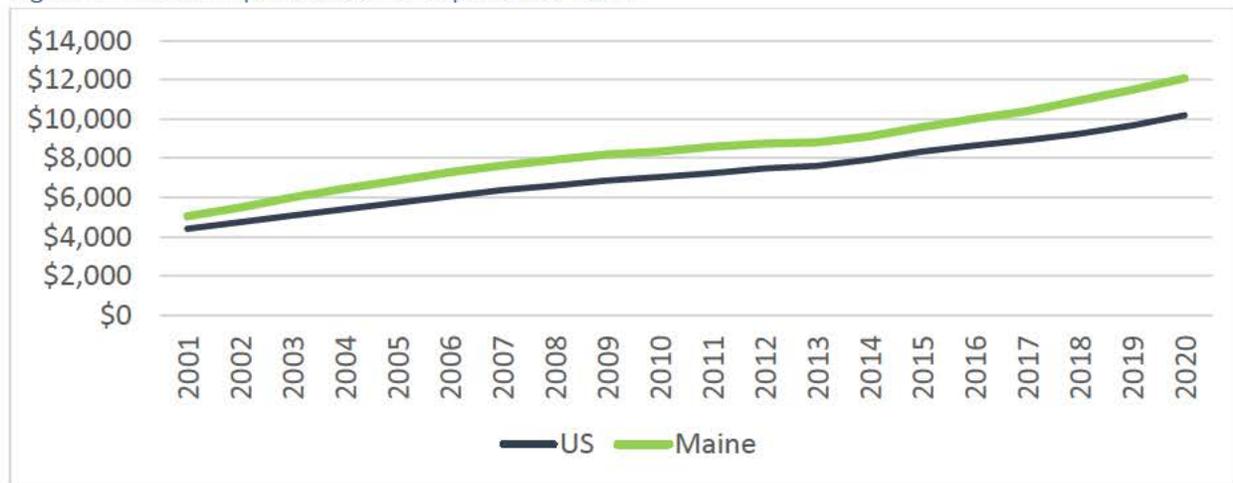


National Health Expenditures

While claims data analyzed by MHDO provides a valuable source of granular Maine-specific data, it is not comprehensive. Some large employer health plans are exempt from submitting claims data to MHDO, and the data set does not capture care provided to people without insurance, or who choose to pay out of pocket. National Health Expenditure Data provides a more comprehensive view of all spending on health care goods and services in the state, and also allows for consistent comparison with national averages and the performance of other states' health systems.

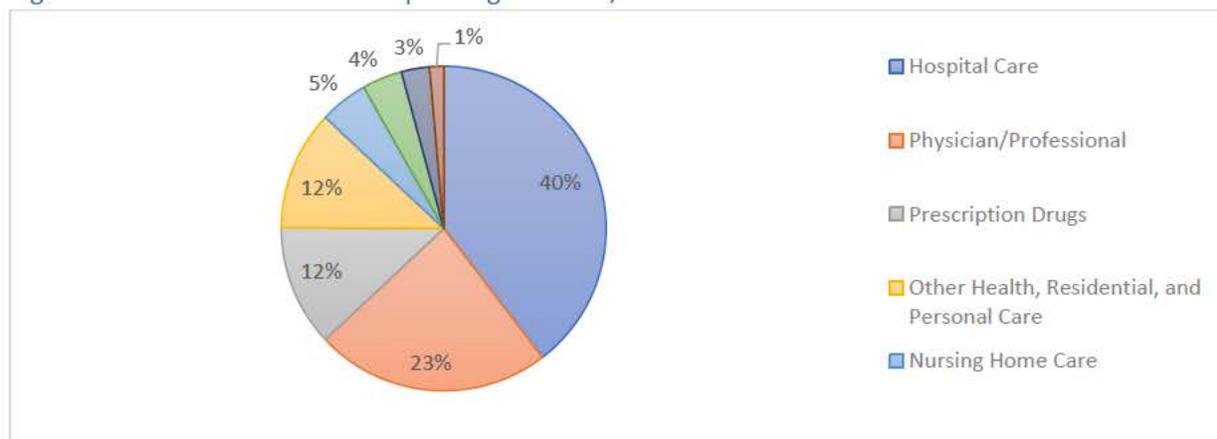
Maine's per capita spending on health care is higher than the U.S. average, and has grown at a faster rate in recent decades. As of 2020, the most recent data available, Maine had the 10th highest per capita health expenditures in the country.

Figure 4 – Health Expenditures Per Capita 2001-2020¹



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

Figure 5 – Distribution of Health Spending in Maine, 2019²



¹ 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.

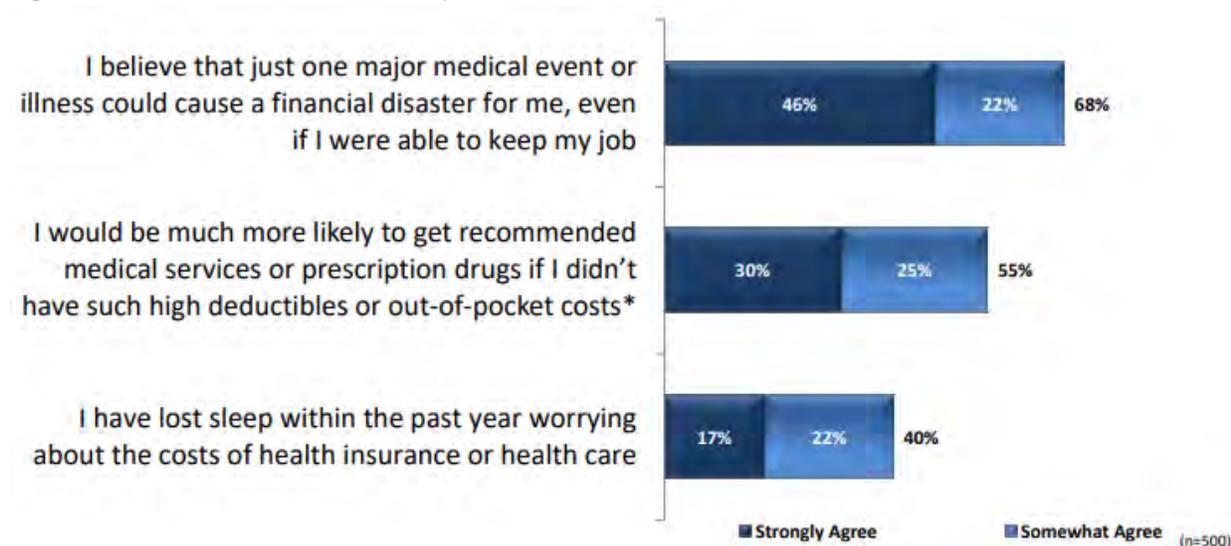
² Ibid

Consumer Polling

In addition to monitoring and analyzing data related to spending, it is helpful to incorporate sources of information that can shed light on how these trends are impacting the people of Maine. One helpful tool is consumer polling on the topic of affordability, which can help to shed light on the consumer experience of health care.

In one 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.³

Figure 6 – Concern About Medical Expenses



In the same survey, respondents without health insurance cited financial barriers, specifically premiums and high out of pocket costs, as the primary reason for not having coverage. Respondents with insurance pointed to deductibles and services or prescriptions not covered by insurance as the expenses they had the most difficulty in affording.

Among all respondents, more than 60% of have been financially impacted by unaffordable medical expenses, and close to half (42%) have medical debt.

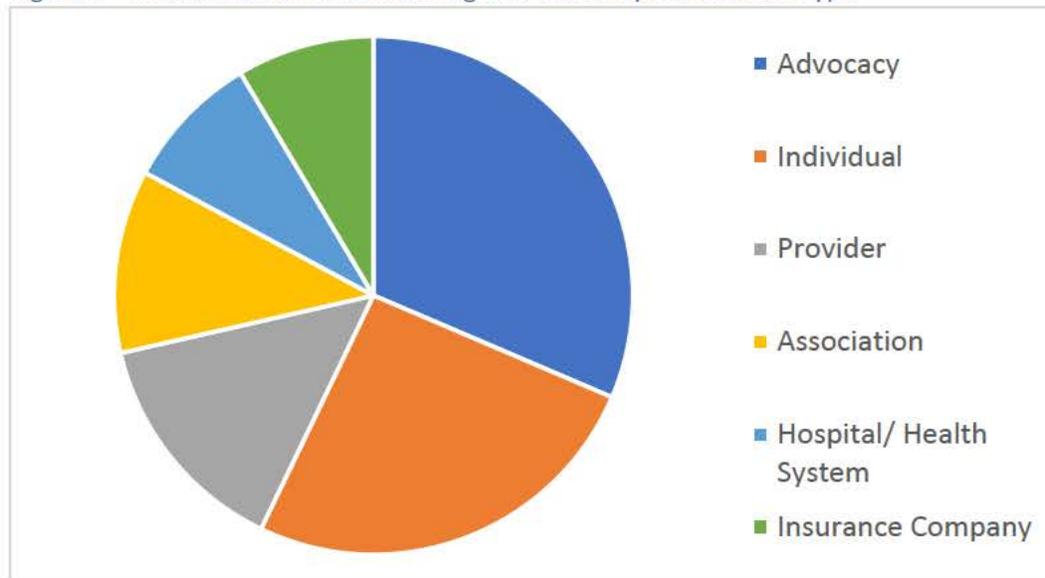
2023 Public Hearing Summary

On September 27th, 2023, the Office of Affordable Health Care held its first annual public hearing. Given the ongoing work toward its own reporting and analysis of health spending, the office began by the hearing by presenting existing available analyses covering recent trends in health spending in the state, the cost burden experienced by individuals and families in the state, national data related to drivers of high and rising spending, and results of consumer polling in Maine about cost-related barriers to health care.

³ Maine Consumers for affordable health Care, "Views of Maine Voters On Health Care Affordability," May 2023. <https://www.maineahc.org/wp-content/uploads/2023/05/Polling-Views-of-Maine-Voters-On-Health-Care-Affordability.pdf>

Following the presentation, the office accepted comments from individuals in attendance at the meeting. Members of the public were also invited to submit comments in writing through October 6th, 2023. The office encouraged commenters to utilize a standard template for comments, in order to facilitate aggregation of feedback. In total, the office received 35 comments from individuals and organizations. Comments received were organized into general categories in order to synthesize the responses and identify common themes.

Figure 7 – Distribution of Public Hearing Comments by Commenter Type



The one area where commenters were overwhelmingly in agreement was in describing some of the challenges Maine faces in managing health care costs. These issues included the rurality of the state, the relatively high average age of the population and associated higher health needs, a heavily consolidated provider market, and lower average income than other New England states, combined with a relatively high cost of living.

Themes from other comments are summarized below by the categories of commenters. Themes have been identified here when the point was raised by two or more comments in a given category.

Individuals

This category captures comments from individuals providing reflections and requests based on their own personal experience with the health care system. Unsurprisingly, given the diversity of the group, there was a great deal of variation in the comments, but there were some commonalities. Several commenters noted the challenges posed by high and rising premiums and out-of-pocket costs for their insurance. In addition to cost, individuals also pointed to the complexity of the health care system as a challenge, both in terms of obtaining health insurance coverage (understanding options, applying, and enrolling) and using that coverage (understanding cost-sharing structures and resolving billing issues between carriers and providers). Finally, two commenters shared examples of inconsistency and lack of clarity regarding hospital free care programs, and recommended more standardization in order to help patients successfully utilize free care assistance.

Advocacy Organizations

Advocacy comments include those submitted by, or in affiliation with, groups representing certain populations or interest areas, excluding those representing health care professionals or industries. Several commenters noted high premiums and out of pocket costs as being barriers to health care access, and commenters in this category also cited the high cost of prescription drugs and gaps in eligibility for coverage programs based on immigration status.

Along with sharing feedback about barriers to health care, many comments in this category also included recommendations for the office to consider. Recommendations reflected in two or more comments include:

- Introducing a public option health insurance plan
- Developing a single state-administered coverage program based on international models
- Eliminating immigration status related eligibility criteria for MaineCare
- Regulating prices for some segment of hospital services and prescription drugs
- Prohibiting anti-competitive terms in provider contracts (eg, anti-tiering and anti-steering clauses)

Independent/ Individual Providers

This category represents comments submitted by individual health care providers in a personal capacity, or on behalf of an independent practice. One very prominent theme among these comments was concern about high administrative burden as both a cost driver and a contributor to “burnout” among health care providers. Another issue raised was difficulty in coordinating care among different entities, especially between small independent practices and larger health systems, which at least one commenter attributed in part to the fragmentation of Electronic Medical Records making it difficult to share information. Finally, multiple comments from providers cited underinvestment in primary care as a barrier to access for patients.

Policy recommendations in this category were varied, with some voicing support for value-based payment reform to better align incentives, while others cautioned against the disruption and additional workload associated with implementing new models.

Professional and Industry Associations

The category of associations was used for organizations that represent the interests of professionals or industries that are involved in the delivery of health care, excluding hospitals which were categorized separately. There was a consistent acknowledgement that premiums and out-of-pocket costs are a major barrier for patients in accessing care, but identification of drivers of those high costs were not consistent. There were some shared recommendations among commenters, including the prioritization of low-barrier access to primary and preventative care, and support for thoughtful value-based payment reform that considers provider burden.

Hospitals and Health Systems

Comments from health systems and the association representing hospitals in Maine were among the most consistent in their themes. Hospitals noted the challenges they experienced with providing care during the pandemic, and resulting impacts on infrastructure and workforce. Each also noted how the age and income level of Maine’s population drive higher health needs relative to other states in New

England. Finally, commenters pointed to inadequacy of reimbursement rates by public payers as a driver of higher prices for commercial payers.

One recommendation made was to focus on improving the continuum of care for people in need of nursing care or community-based services and supports, in order to reduce extended unnecessary hospitalizations. Hospitals also encouraged to office to ensure that continued access and high quality of care is considered alongside affordability initiatives.

Insurers

Comments on behalf of insurance companies identified several challenges impacting the affordability of coverage and care:

- The state's highly consolidated provider landscape
- Provisions of state law restricting the use of utilization management strategies
- High pharmaceutical costs, particularly for specialty pharmaceuticals and physician-administered drugs
- Reduced impact of MGARA on individual premiums due to market merger

There were also several recommendations represented in multiple comments. Insurers recommended that the legislature reconsider utilization management limitations and avoid imposing further restrictions and also urged that new coverage mandates undergo study, and that their cost impacts be considered. Comments also recommended a prohibition on anti-competitive terms in provider contracts, and that the state reverse the merger of the individual and small group markets and extension of reinsurance to the small group market, and adopt alternative options to stabilize the small group market.

Looking Ahead

In 2024, the Office of Affordable Health Care will take further steps to establish itself as a resource for policymakers in Maine. This work will include continuing to build the infrastructure for the office, particularly by securing a permanent work space and filling the two available state line positions, as well as substantive analytical and policy development work. The office will be providing a report in January 2024 reviewing publicly-administered public option models and considerations for the development of a public option in Maine. Another priority is the creation of a data reporting framework, which will serve as an important evidence base for any policy recommendations to the 131st Legislature. The office will also continue to support the Prescription Drug Advisory Board in its analysis of drug spending and consideration of available policy options. Alongside this work, the office welcomes engagement with the Joint Standing Committee on Health Coverage, Insurance, and Financial Services, as well as the Advisory Council on Affordable Health Care, to identify other opportunities to advance the conversation about how health care can be made more affordable and accessible to the people of Maine.