



Office of Affordable Health Care

2024 Public Hearing - September 25, 2024

Agenda

- Office of Affordable Health Care Overview
 - Structure and Duties
 - Guiding Principles
 - Purpose of this Hearing
- Overview of Health Care Coverage and Spending in Maine
- Review of Hospital Payment and Utilization Dashboards
- Public Comment
 - Reminder: written comments will be accepted until midnight on Friday, October 4th.
 - Written comments can be submitted at maine.gov/oahc/annual-public-hearing



Office of
Affordable
Health Care

Overview

About the Office

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 an independent executive agency
- The OAHC establishing legislation directs the office to:
 - Analyze health care cost growth and spending trends, including correlation to quality and consumer experience.
 - Develop proposals to improve:
 - the cost-efficient provision of high-quality health care;
 - coordination, efficiency, and quality of the health care system;
 - consumer experience with the health care system;
 - and health care affordability and coverage for individuals and small businesses.
 - Monitor the adoption of Alternative Payment Models in Maine and across the country.
 - Provide staffing support to the Maine Prescription Drug Affordability Board.
- The office meets bi-monthly with the 13-member Advisory Council on Affordable Health Care

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 spending 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 submitted to the legislature and Governor in January.



Analysis planning and interpretation of data on spending and costs.



The office's work to develop priority initiatives and recommended policies.



Overview of Health Care Coverage and Spending in Maine



Analysis Planning

OAHC Claims Dashboards

Health Expenditures Dashboards

Hospital Payment and Utilization Dashboards

Facility Level Payment and Utilization

Professional Services Payment and Utilization

Cost Driver Deep-Dives

MHDO Reporting

Drug Spending Dashboards

Primary Care Spending Report

Behavioral Health Care Spending Report

Non-claims Analyses

Household Spending on Health Care

Access and Equity Dashboards

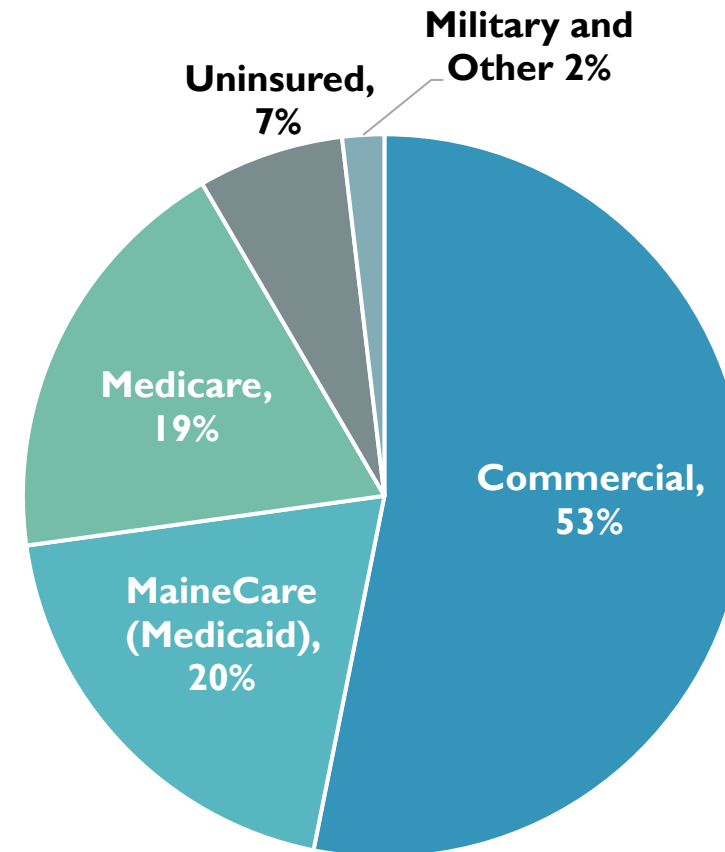
Clinical Quality Metric Dashboards

Provider Cost and Financial Performance Analysis

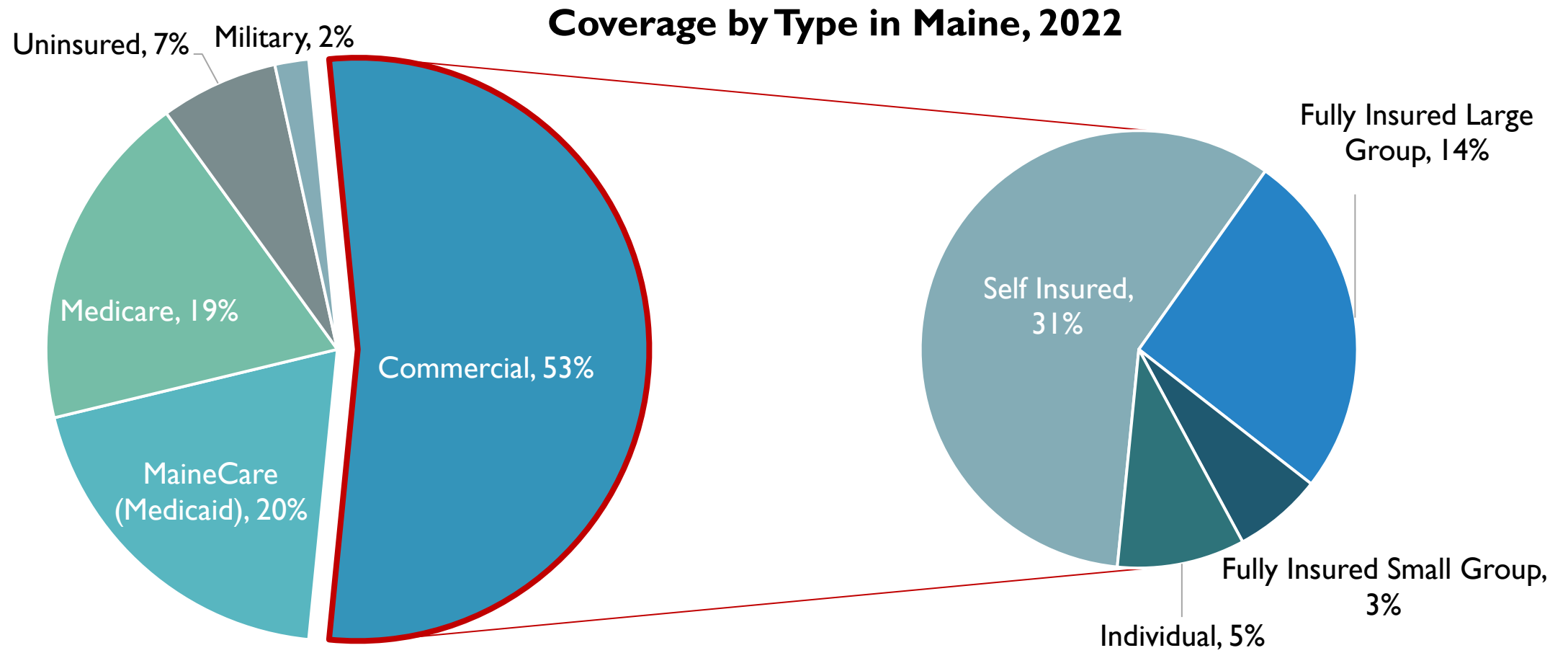
More than half of Maine residents are covered by commercial health insurance

- **Commercial Insurance** - people who have insurance through their job or buy individual insurance, often through the Marketplace (CoverME.gov).
- As Maine's population gets older, we expect more Mainers to have health insurance through **Medicare** - federal health insurance program for those 65 years or older and/or those with some long-term disabilities.

Coverage by Type in Maine for 2022



The State regulates insurance for less than half of commercially covered lives

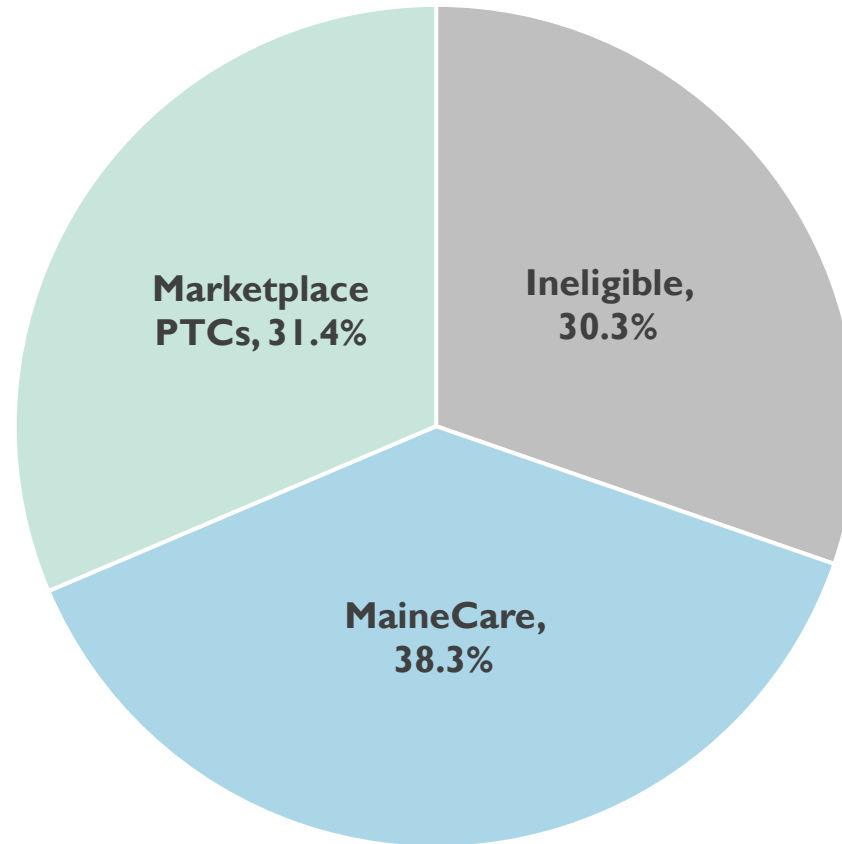


Most uninsured Mainers are eligible for programs that would help them get health insurance

It is estimated that for Mainers under 65 in 2025:

- 5.8%, or **59,000** people, will be **uninsured**.
- **Young adults (19-34)** will have the **greatest uninsurance** rates.
- Almost **70% of uninsured Mainers** will be living in families with **at least one full time worker**.
- Almost **70% of uninsured Mainers** would be **eligible for public benefits** to support health insurance coverage

Percent of Uninsured People in Maine, by Eligibility for Public Benefits, 2025



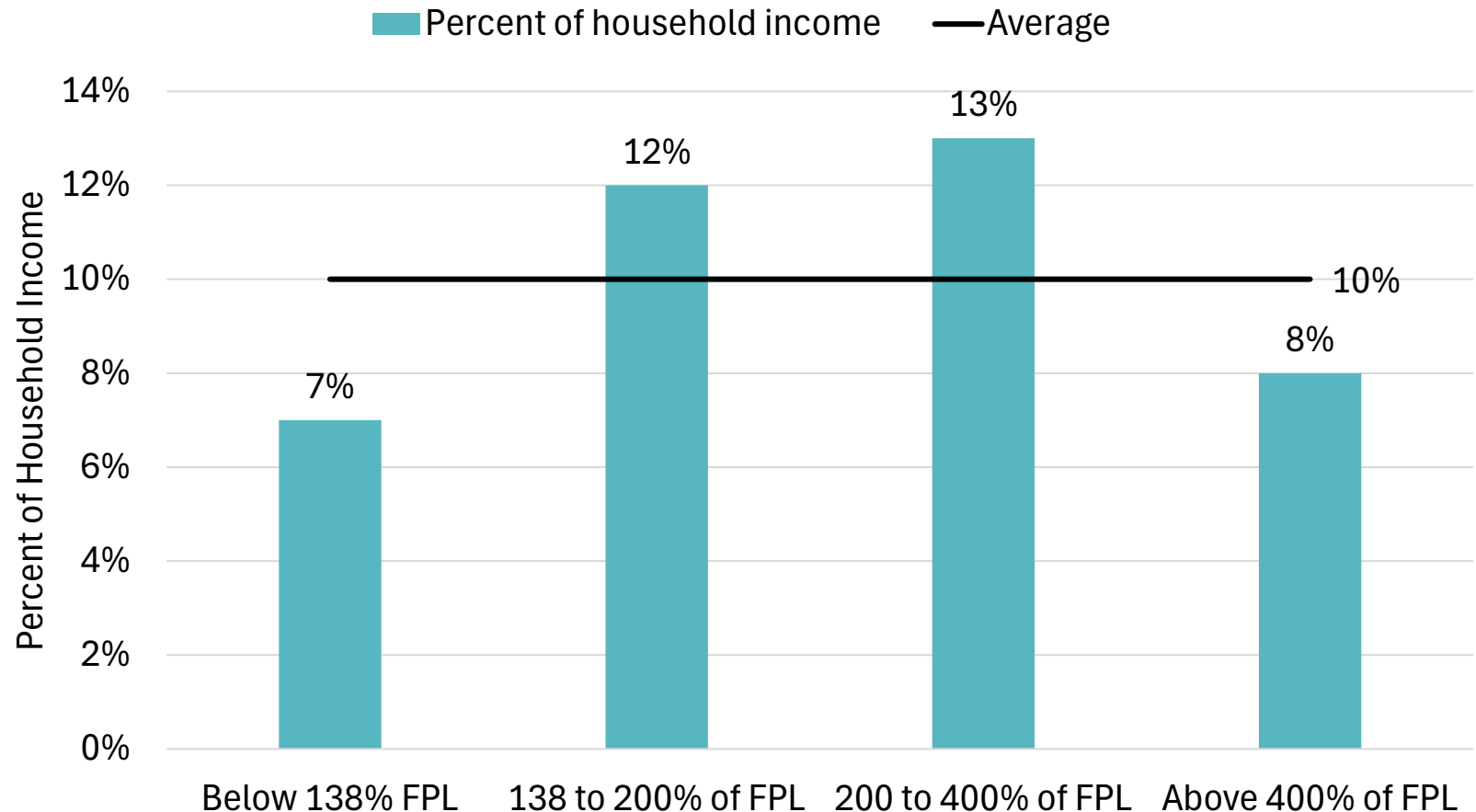
Health care spending represents a substantial portion of Maine residents' household income

- Middle income earners spend an average of 13% of their income on health care, the **highest proportion of all income brackets**
 - A family of four making \$93,600 (300% FPL) would **spend an average of \$12,168 annually** on health care.

“In my view, what causes these negative outputs is a system that is so concerningly opaque that normal price discovery of a functioning market cannot take place, coupled with actors in the system that have a financial incentive to avoid lower cost care options”

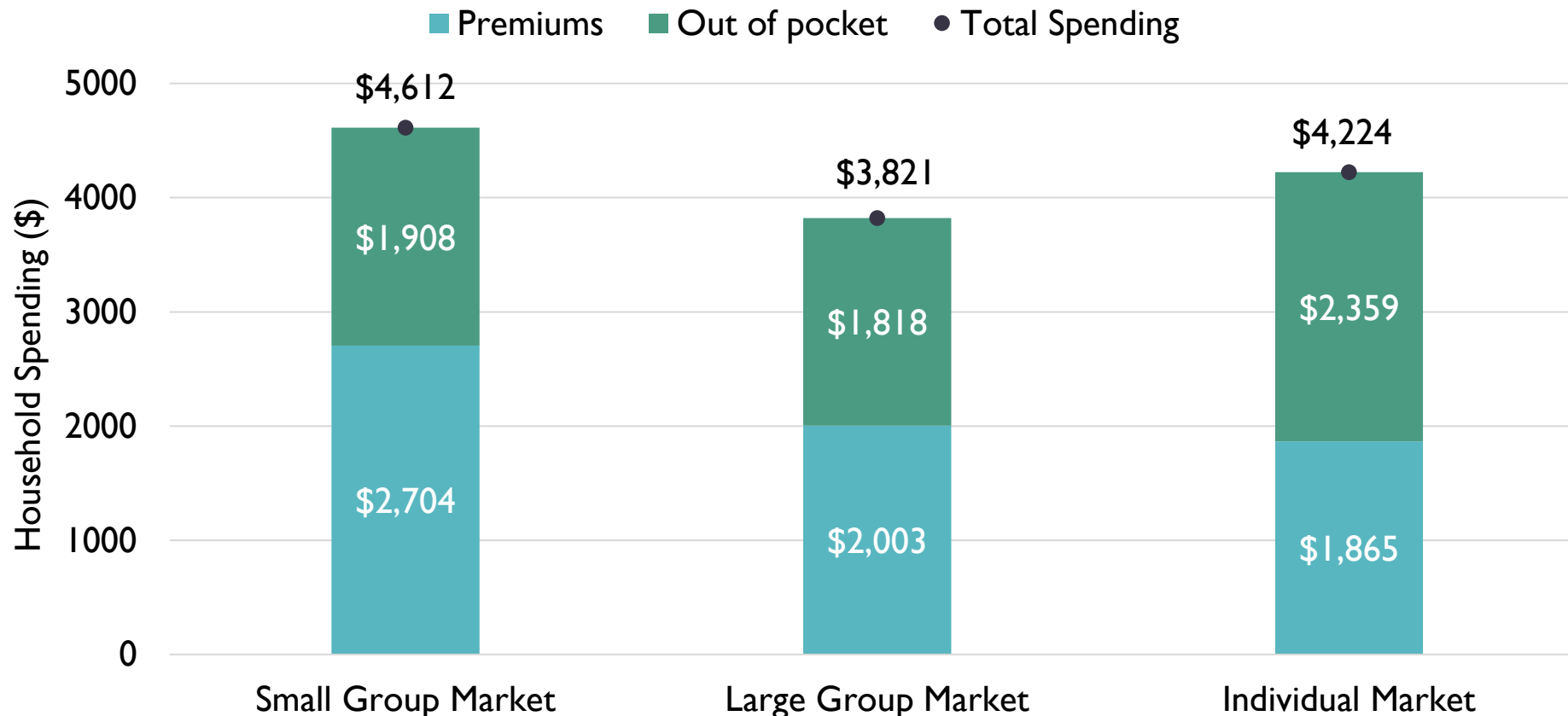
Maine business owner

Household spending on health care for those under 65 in Maine, 2025



Payments on premiums are only half of health care expenses for Mainers

Projected average household health spending of those under 65 in Maine, 2025



“People are being forced to not get procedures that their doctors recommend because they have to pay out of pocket and can’t take on that financial burden.”

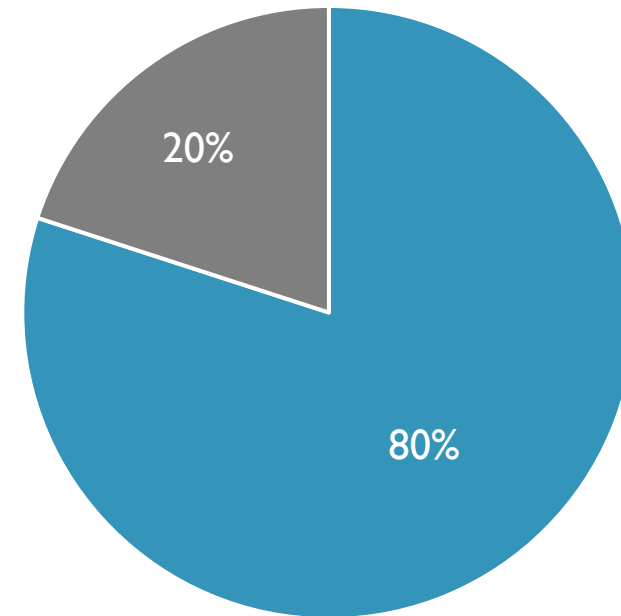
Resident of Cumberland County, speaking to Maine’s Consumer Assistance Program

Mainers are concerned about affordability

• Recent surveys of Maine residents found that:

- 63% experienced one or more health care **affordability burdens** in the past year.
- 48% find it **difficult to afford** health care.
- 80% report being **worried about affording health care in the future.**

Worry About Affording Health Care in the Future

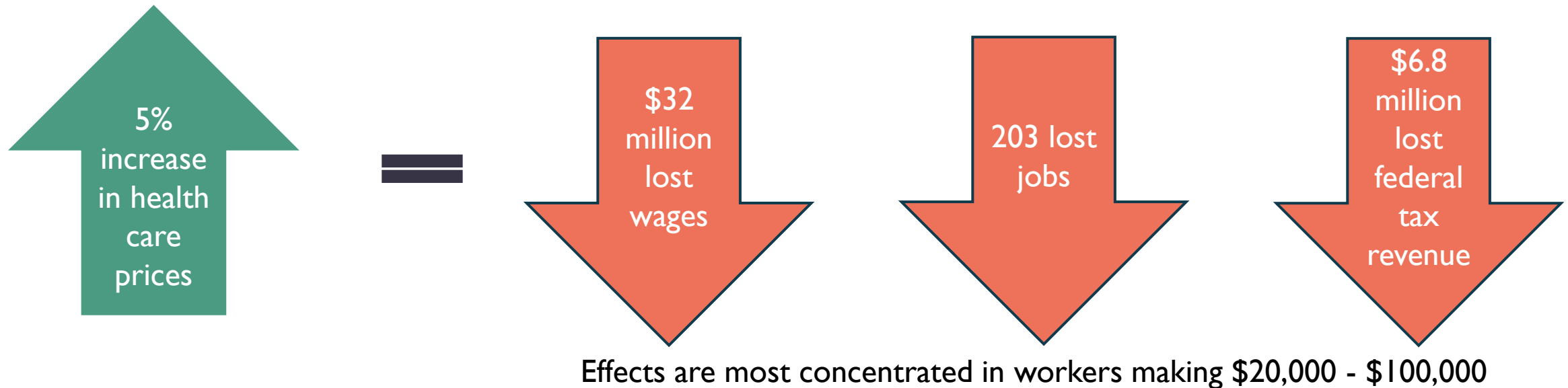


■ Worried or Very Worried ■ Not Worried

“I wear a (medical device), which costs me \$500 a month... that’s \$6,000 a year. That meets my deductible. I have savings for two years. What do I do after two years?”

Maine resident with employer-sponsored insurance

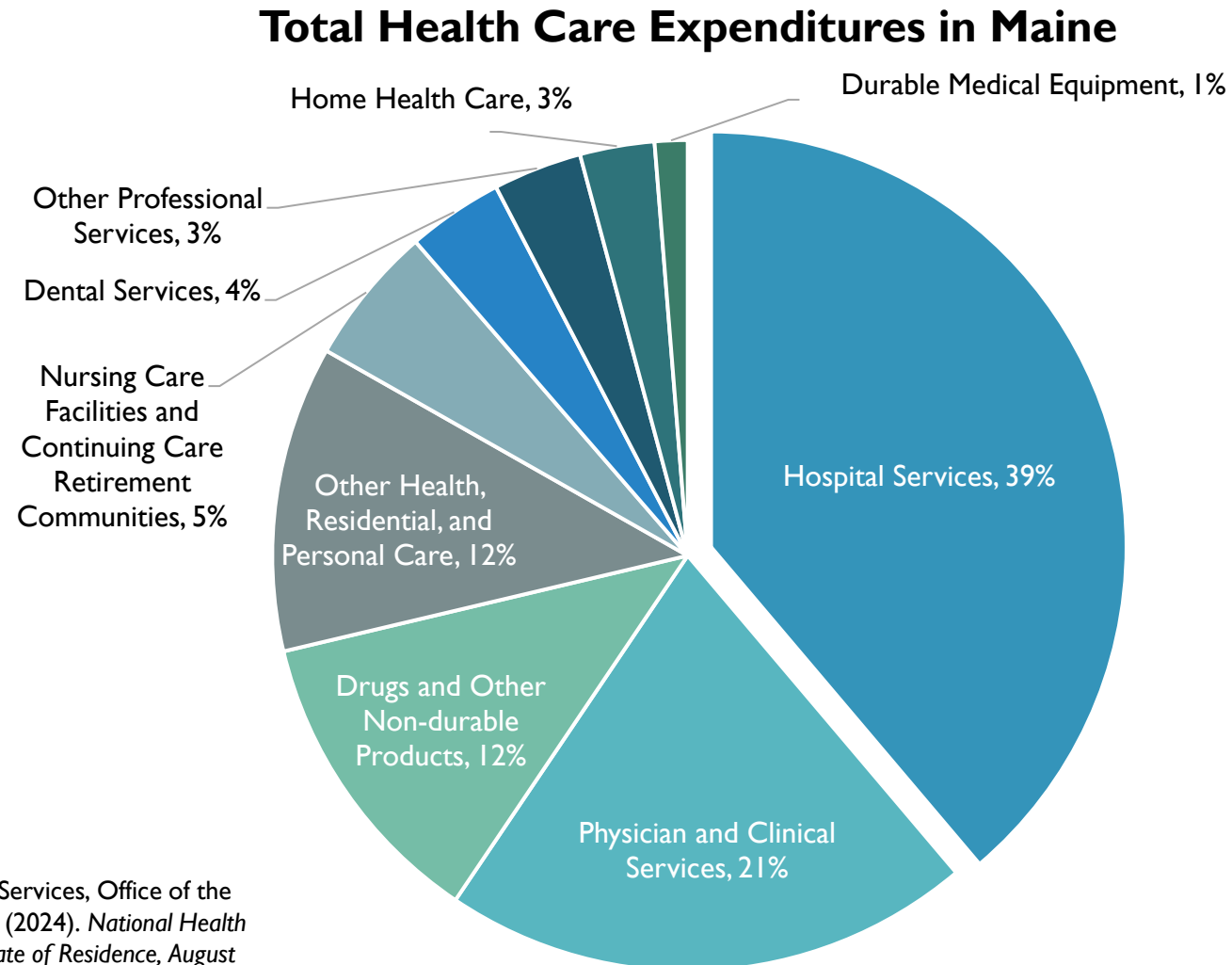
Health care costs negatively impact wages and jobs



“In 2020 we got a 79% increase from our incumbent carrier and a 49% increase if we moved to another carrier. As an employer, we could not pass along a 49% increase to our employees. We spent one year fully insured and then went into a captive, but we were stuck with elevated rates and have absorbed the cost, which has put us in a funding deficit since then. This year we have had some high claims and will likely reduce our contribution for spouses and dependents.”

Maine business owner

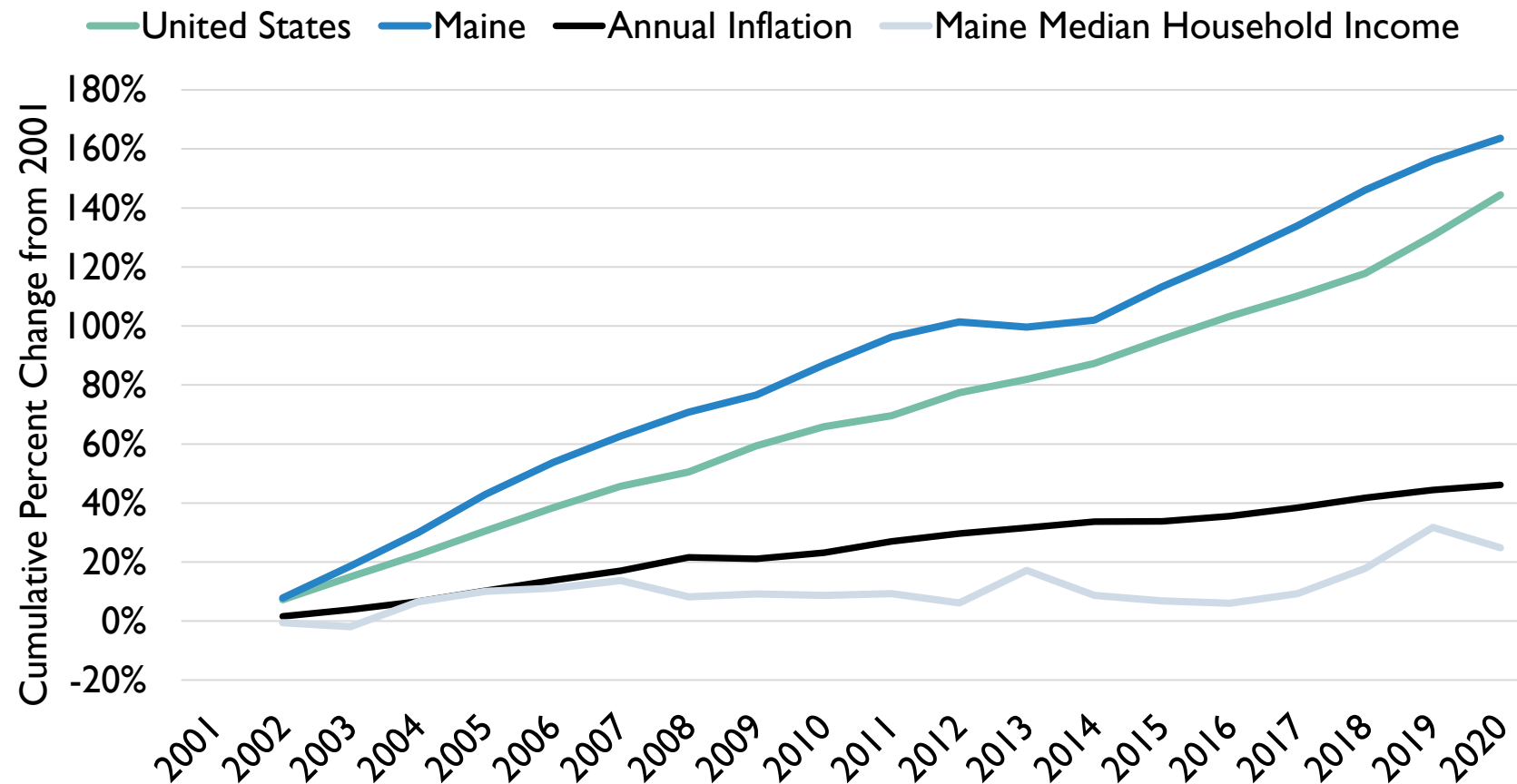
Hospital services contribute the most to total health care spending



Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group. (2024). *National Health Expenditure Data: Health Expenditures by State of Residence, August 2022*.

Maine's per capita hospital expenditures are higher and have grown faster than the U.S. average

Cumulative Growth in Per Capita Hospital Expenditures, 2001-2020



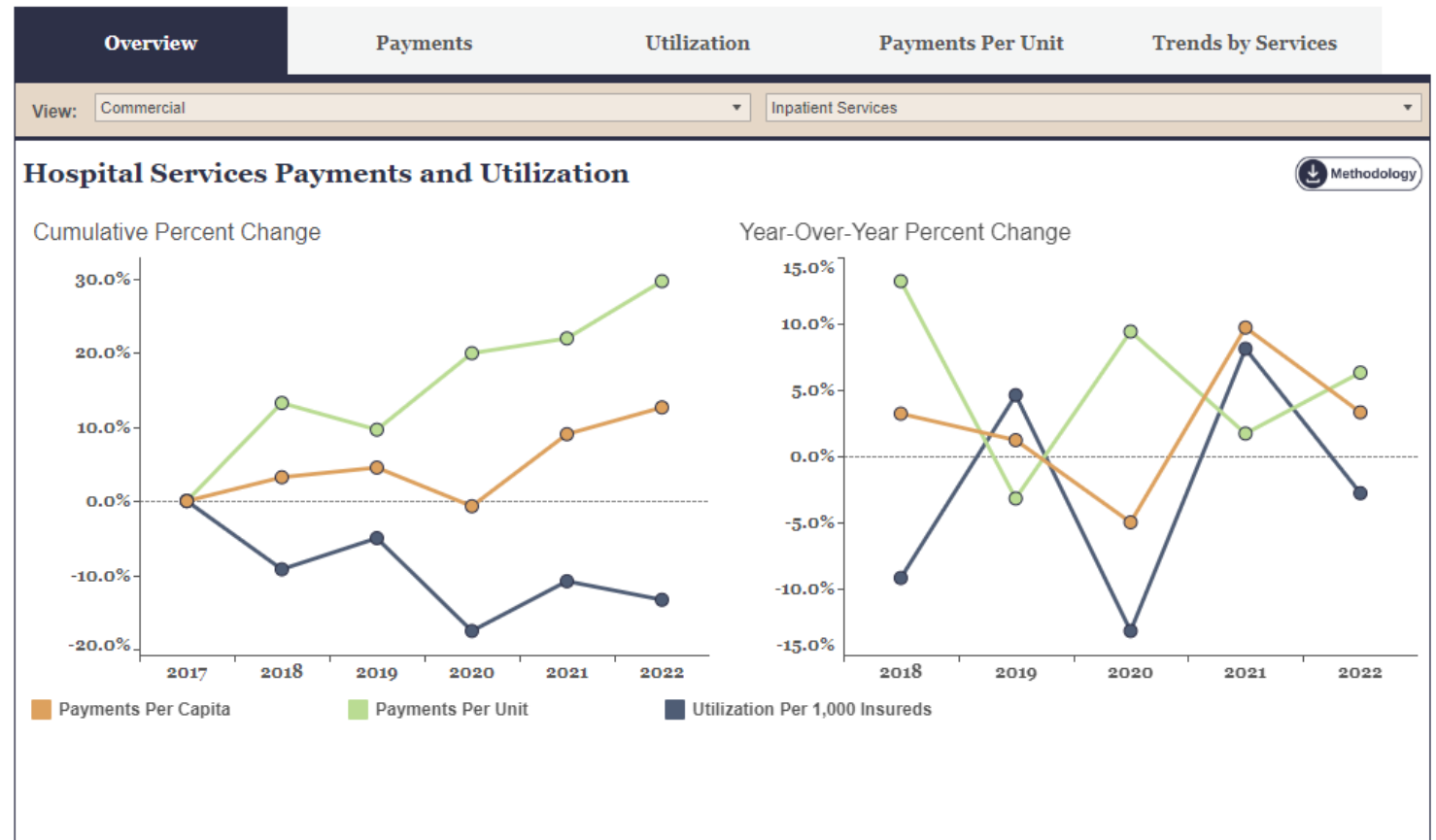
- Per capita hospital spending for Mainers (\$4,687) ranks 14th highest in the nation, above national per capita hospital spending (\$3,855)
- Per capita hospital expenses in Maine and nationally have significantly outpaced national inflation and Maine households' median income.



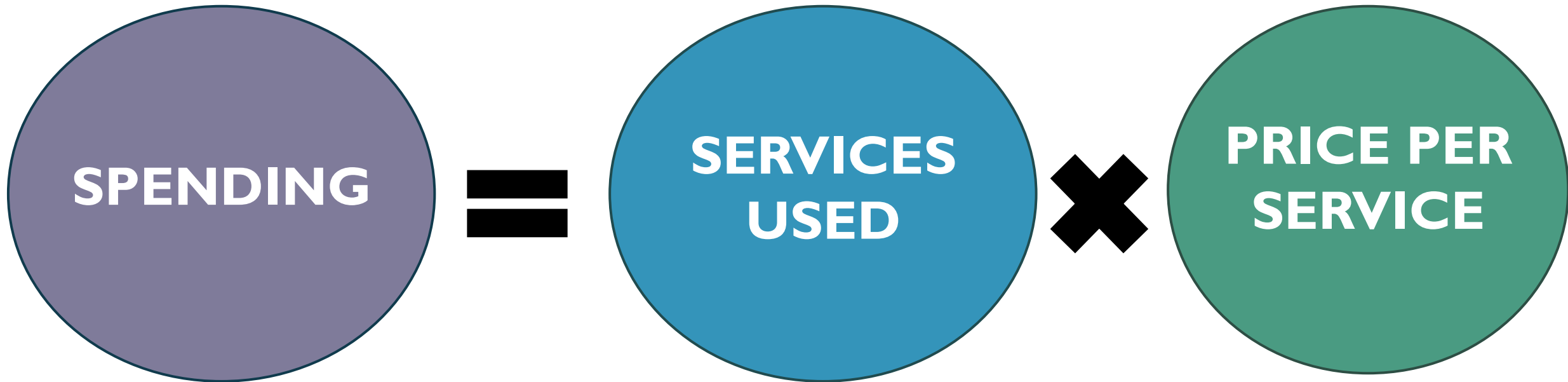
Maine Hospital Payments and Utilization



Full Dashboards Available on www.maine.gov/oahc

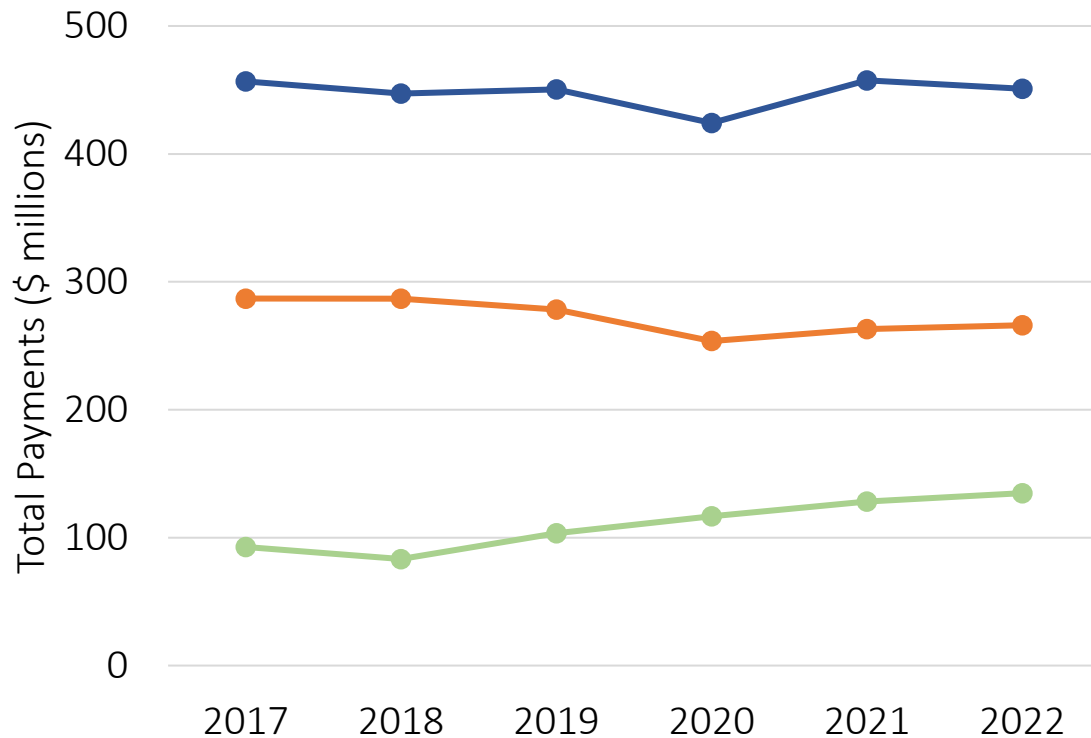


Health care spending depends on use and price

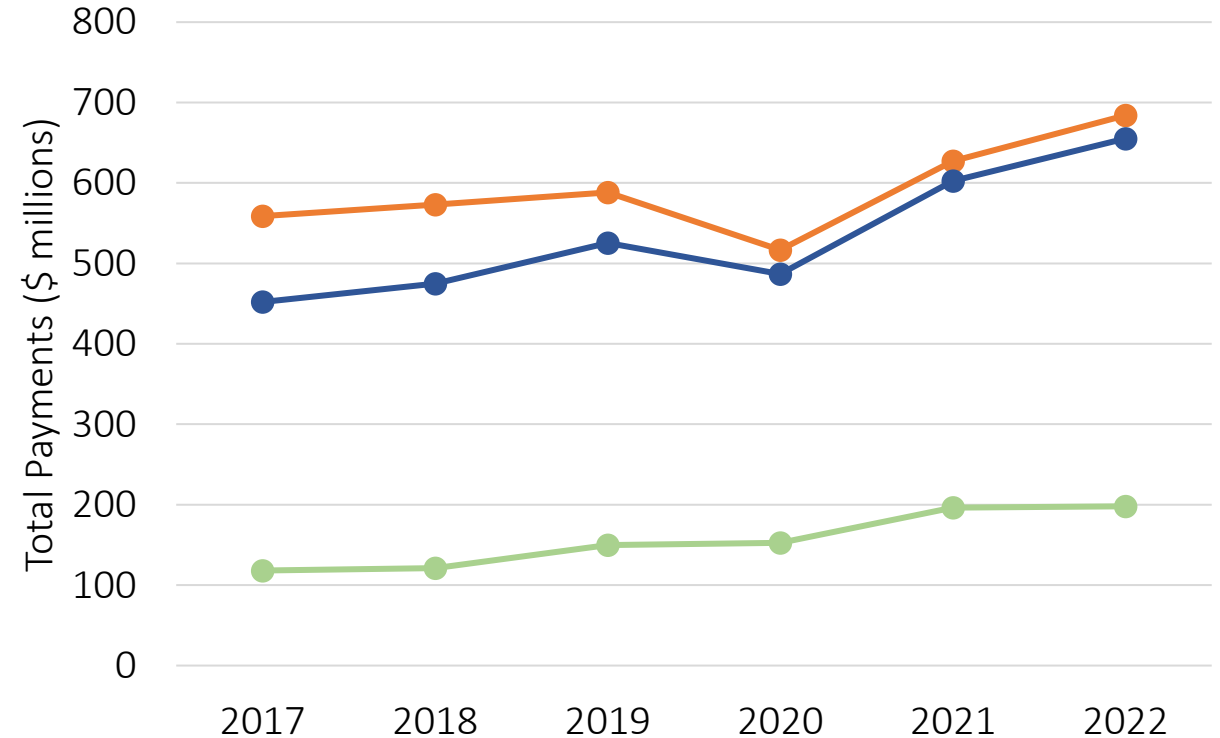


SPENDING – Total spending on outpatient services has increased for all payors, particularly Medicare and commercial

Total Payments for Hospital Inpatient Services by Payor



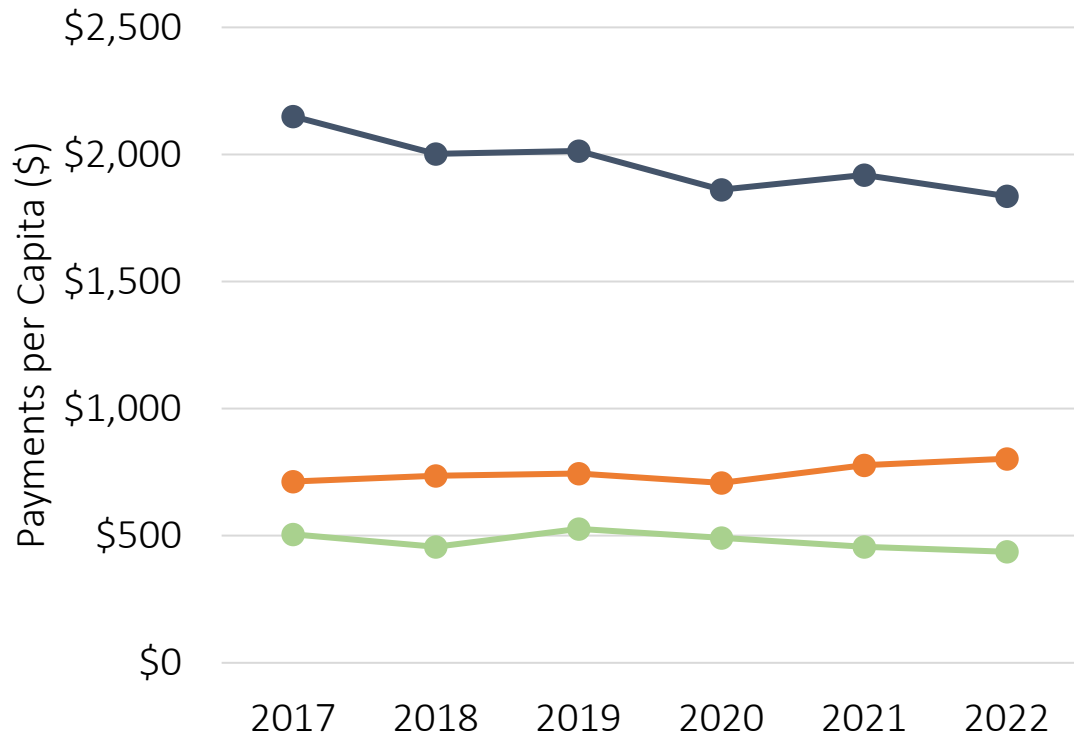
Total Payments for Hospital Outpatient Services by Payor



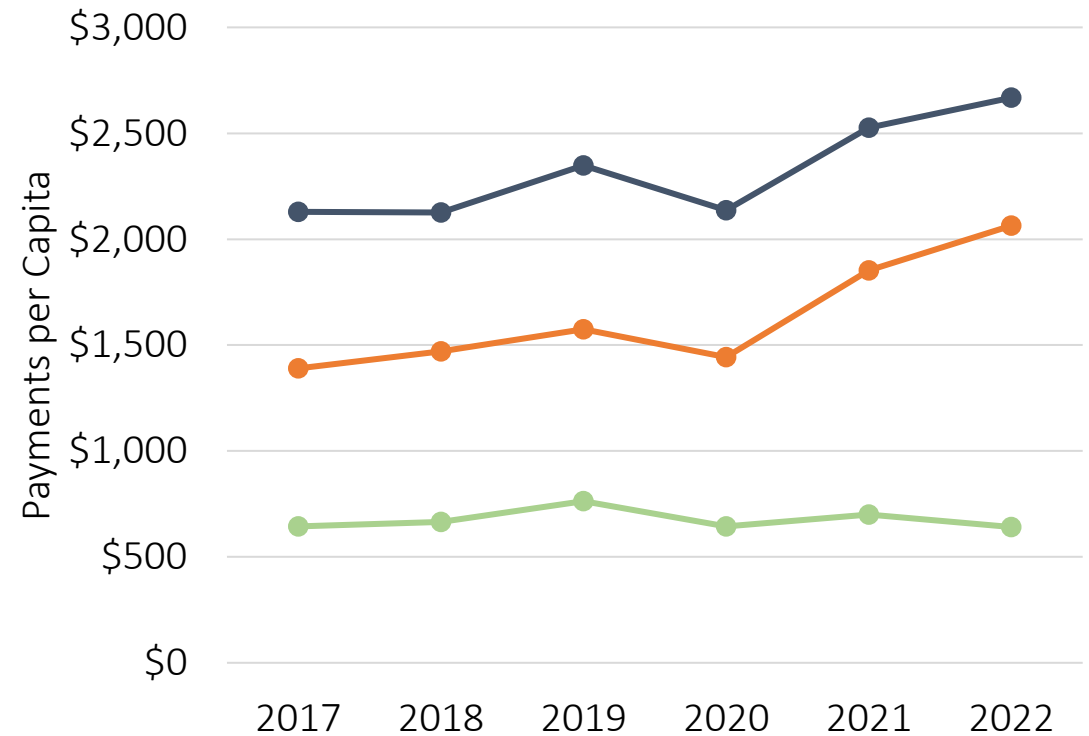
Source: Maine Health Data Organization. (2024). *Hospital Services Payments and Utilization Dashboard*

SPENDING – Per capita spending on outpatient services has increased for Medicare and commercial payors

Payments Per Capita for Hospital Inpatient Services by Payor



Payments Per Capita for Hospital Outpatient Services by Payor

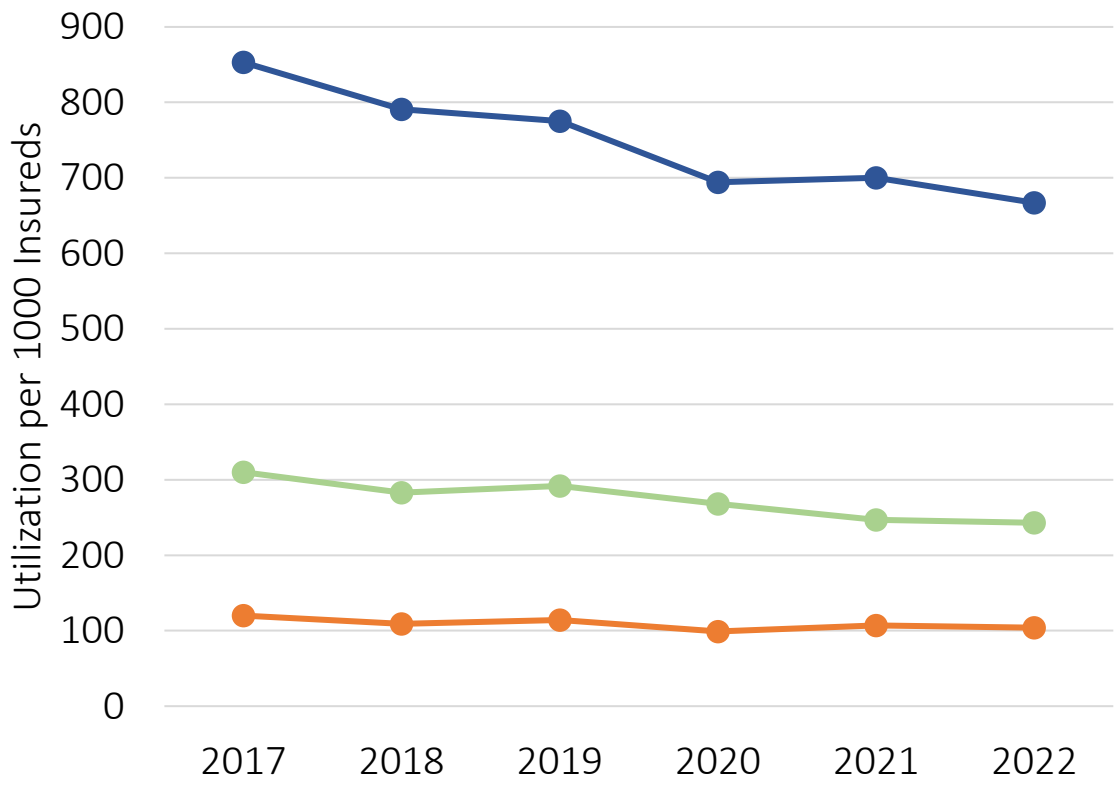


Health care spending depends on use and price

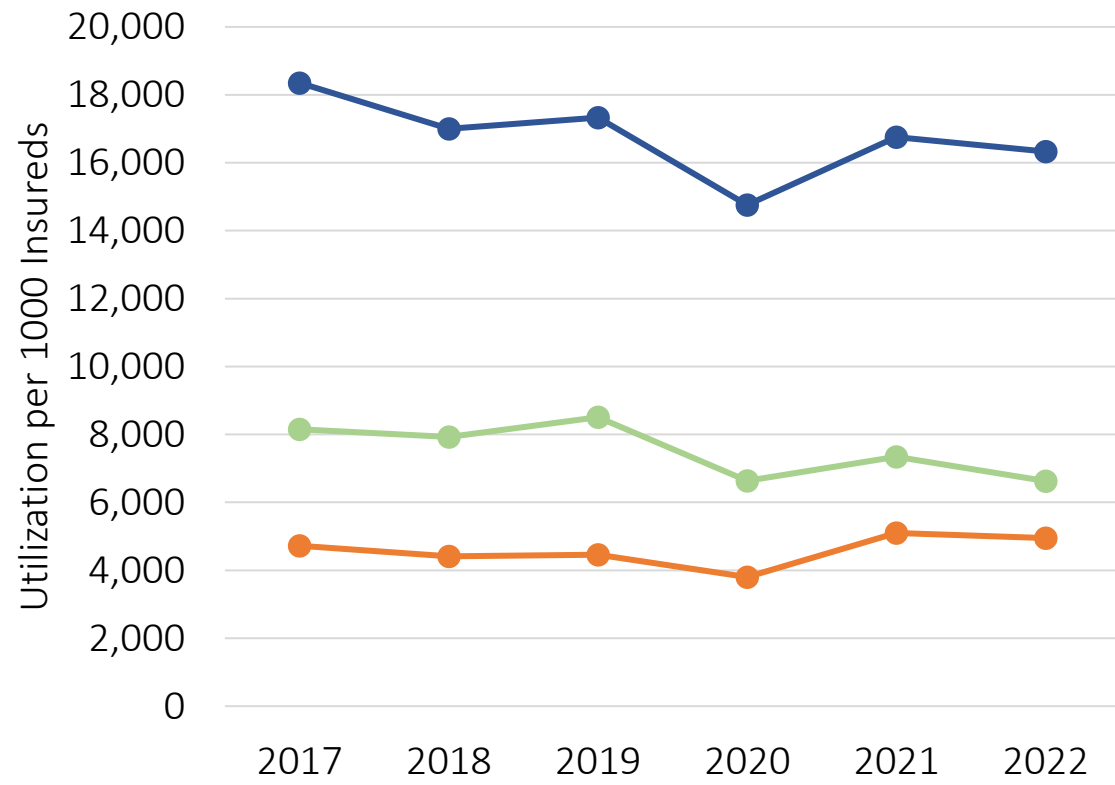


USE – Medicare members use more hospital services than people with other coverage, utilization has been declining

Utilization per 1000 insureds for Hospital Inpatient Services by Payor

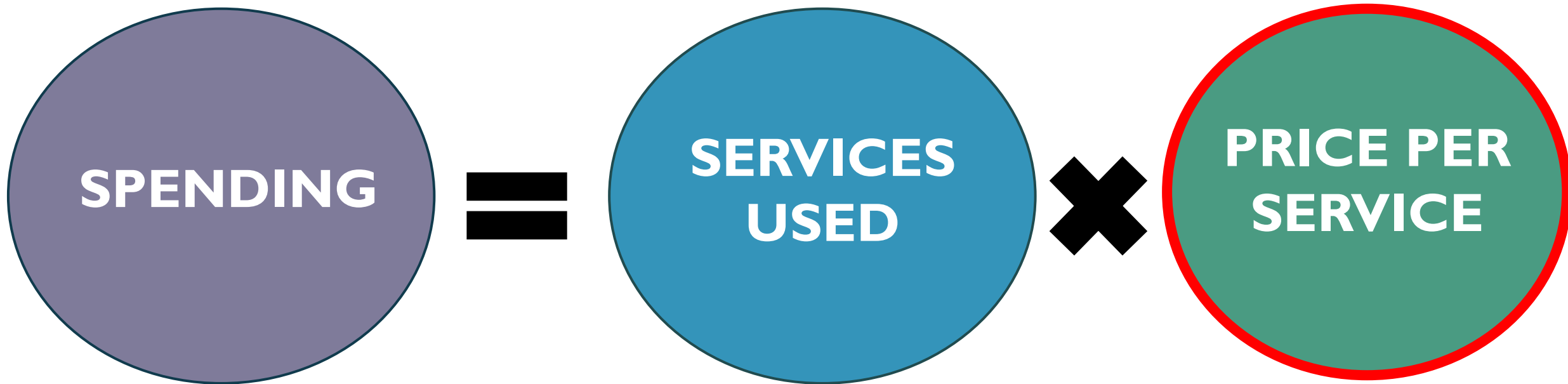


Utilization per 1000 insureds for Hospital Outpatient Services by Payor



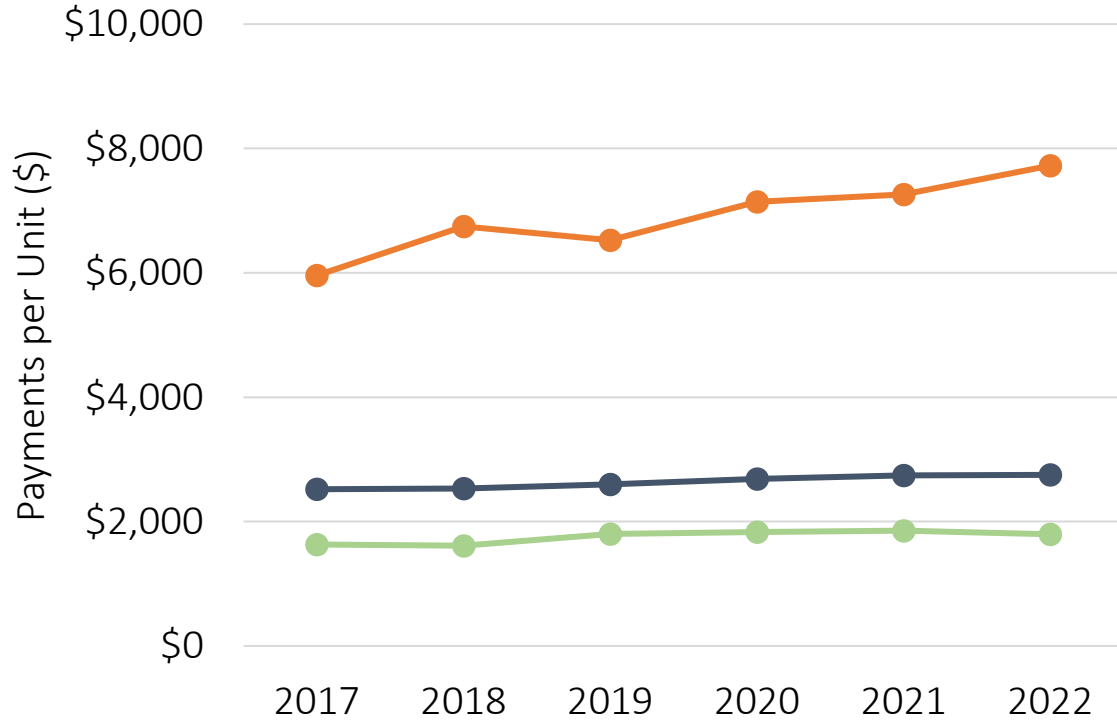
Source: Maine Health Data Organization. (2024). Hospital Services Payments and Utilization Dashboard

Health care spending depends on use and price

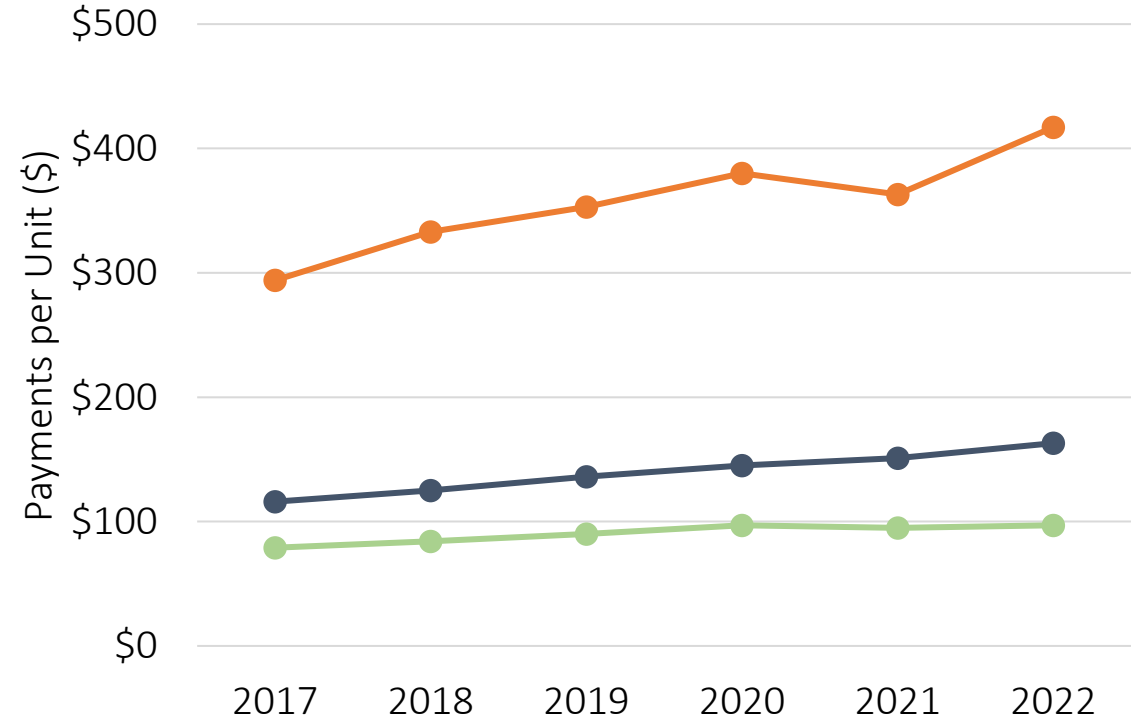


PRICE – Commercial payments are higher and have grown faster than Medicare and MaineCare

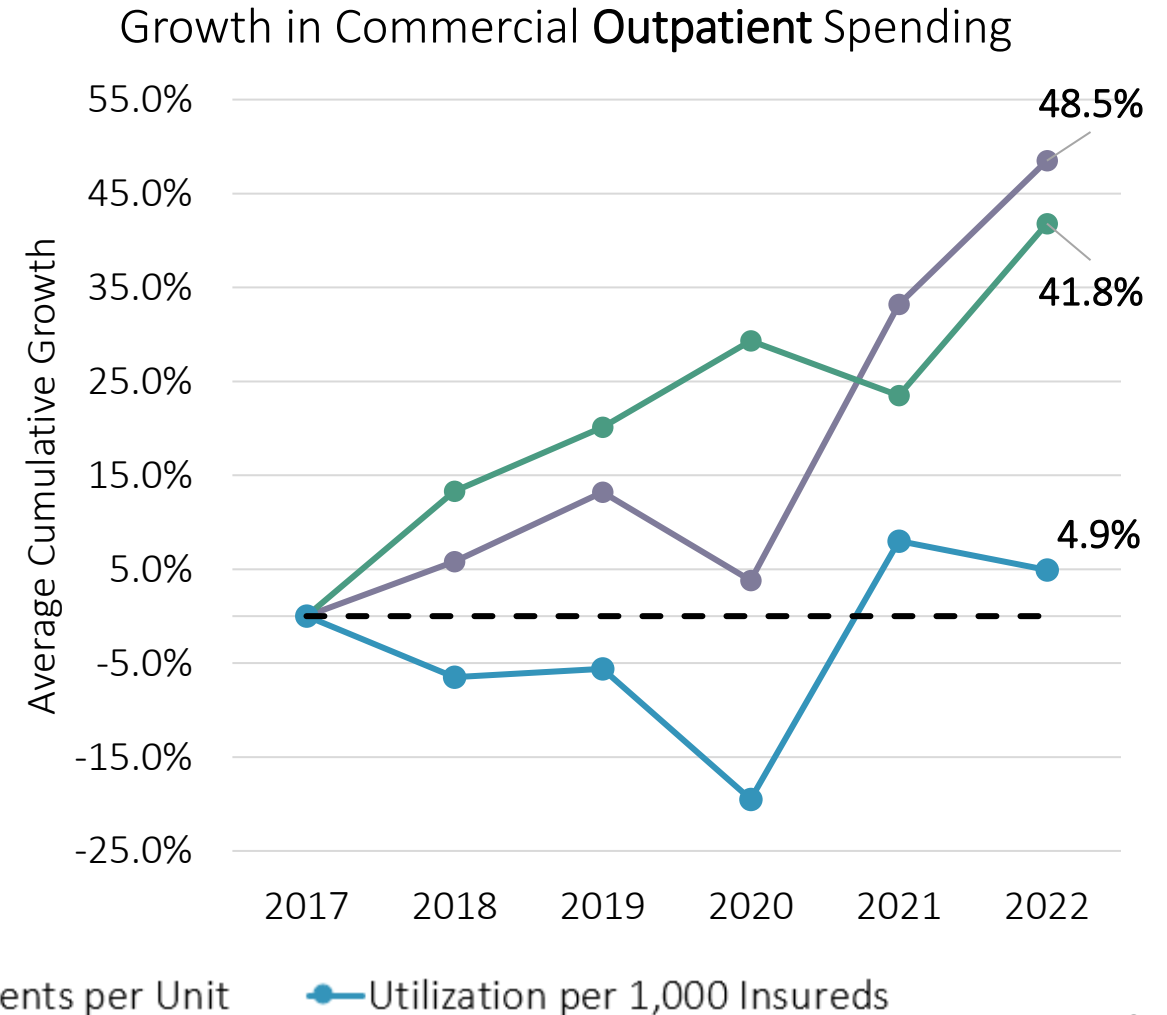
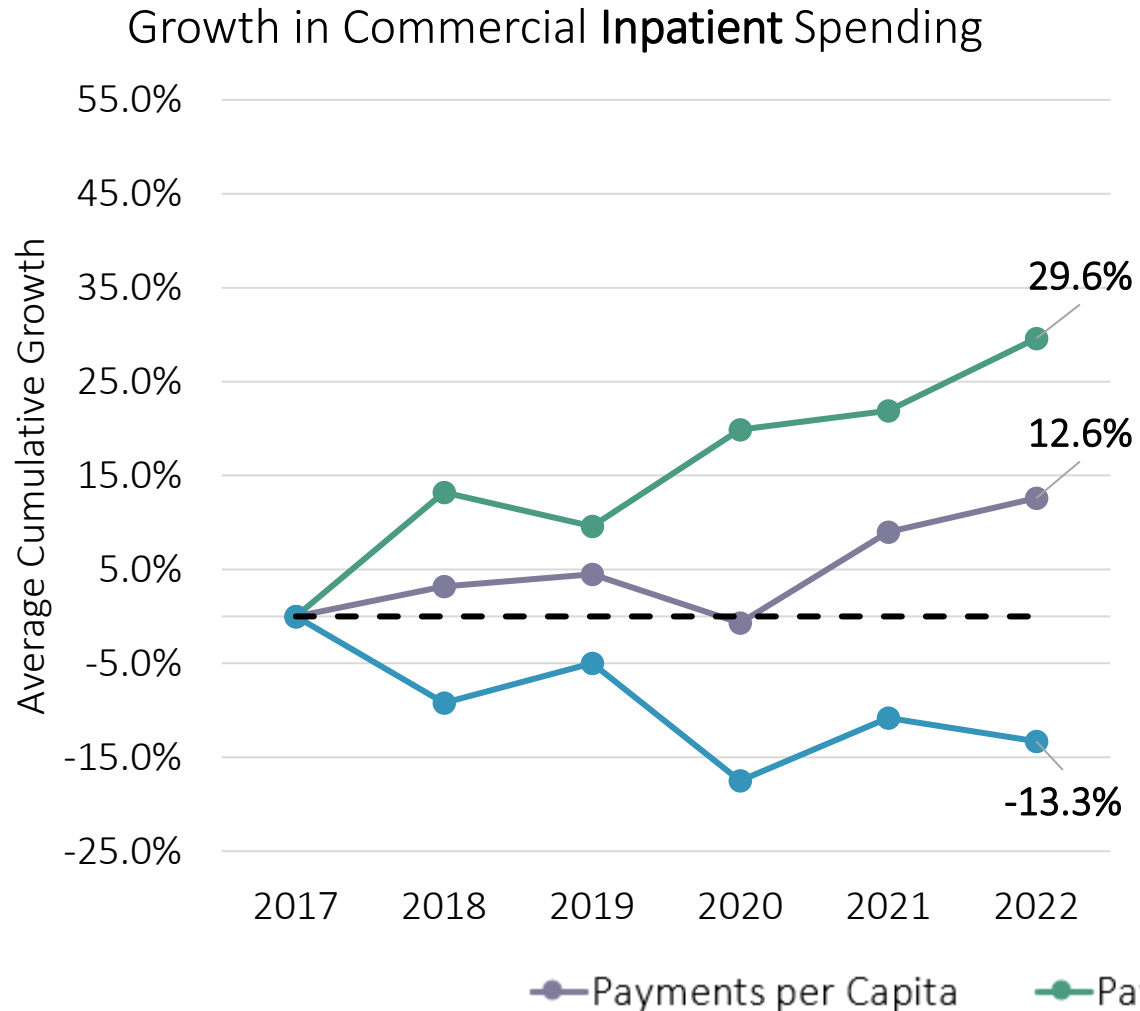
Payments Per Unit for Hospital Inpatient Services by Payor



Payments Per Unit for Hospital Outpatient Services by Payor



Takeaway: Price not utilization drives hospital services spending growth for the commercially insured





Public Comment

Reminder: written comments will be accepted through **Friday, October 4th**

To submit, visit:
maine.gov/oahc/annual-public-hearing



Appendix –
Source Links

Sources

1. KFF. (2024). *Health Insurance Coverage of the Total Population – KFF Analysis of Census Bureau’s American Community Survey 2008-2022 1-Year Estimates*. <https://www.kff.org/other/state-indicator/total-population/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>
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11. Maine Health Data Organization. (2024). *Hospital Payments and Utilization Dashboard*. <https://www.maine.gov/oahc/hospital-payments-utilization-dashboards>