

Mainers Can't Wait Any Longer For Health Care Reform

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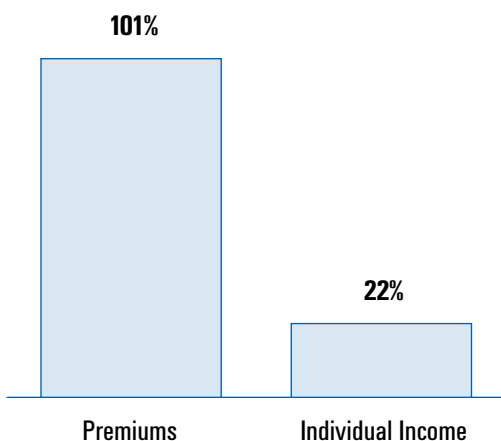
SKYROCKETING PREMIUMS and out-of-pocket medical costs are battering family budgets in Maine and making it more difficult for employers, particularly small and low-wage businesses, to provide health insurance for their workers. Health costs are rising at an unsustainable rate. Without reform, these costs threaten Maine's state and county budgets, the national economy and every American family.

Comprehensive health reform is needed to set a sustainable path for health care spending, increase the number of Americans with quality, affordable coverage, and make smart health care investments.

Unsustainable Premium Increases Hurt Families and Businesses

- Health insurance premiums for Maine working families have skyrocketed, increasing 101 percent from 2000 to 2009. During the same time, the median earnings of Maine workers increased 22 percent.¹
- For family health coverage in Maine during that time, the average annual combined premium for employers and employees rose from \$6,915 to \$13,927.²
- The full cost of family employer-sponsored health insurance in Maine is projected to grow at an annual rate of 9.3 percent, compared to a 0.95 percent growth rate for income.³

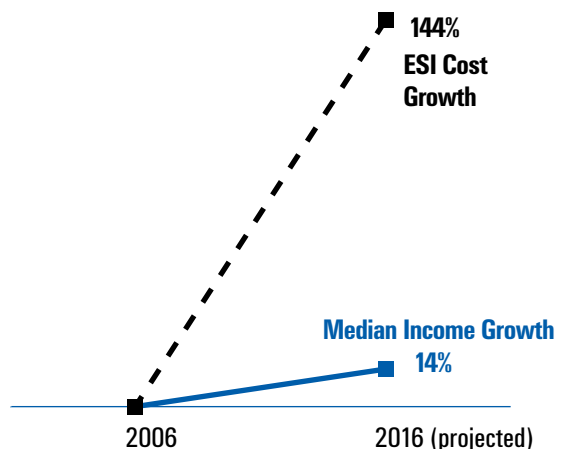
Percentage Increase in Premiums vs Income in Maine 2000–2009



Source: Families USA, "Premiums versus Paychecks, by State, 2000 to 2009."

Maine Employer Premiums vs Income

Cumulative growth of Maine employer sponsored insurance (ESI) premiums compared to median household income, assuming no meaningful health reforms, 2006 to 2016 (projected)



Source: New America Foundation, "The State of State Health: The Cost of Failure" (2007)

- Left unchecked, premiums will be \$30,142 in 2016—fully 58 percent of median household income.⁴

Fewer Businesses Can Afford to Offer Coverage

- Nationally, only 59 percent of small businesses (three to 199 workers) offer their employees health benefits. This is down from 68 percent in 2000.⁵
- Without reform, small businesses will pay nearly \$2.4 trillion in health care costs for their workers over the next 10 years. With reform, small businesses can save as much as \$855 billion, a reduction of 36 percent—money that can be reinvested to grow their small businesses.⁶
- Without reform, 178,000 small business jobs will be lost in 2018 as a result of health care costs. Depending on the particular mechanism used to help small businesses meet their health care obligations, reform can preserve up to 128,000 of these jobs.⁷

More Mainers are Uninsured, Leading to Poorer Health, Higher Costs

- About one in 10 Mainers was uninsured in 2008, including one in eight adults between the ages of 19 and 64 (108,900 people) and one in 18 residents younger than 18 years old (16,100 children).⁸
- By 2019, without reform the number of uninsured in Maine will rise to 169,000.⁹

- About 62 percent of U.S. personal bankruptcies were directly related to medical bills, according to a recent report; in Maine there were 2,853 non-business bankruptcies in 2008.^{10,11}
- Each insured family in Maine pays an extra \$800 per year and each individual an extra \$310 per year in health insurance premiums as a result of a “hidden tax” to cover the unreimbursed health care expenses of the uninsured.¹²

Lack of Competition Among Health Insurers Raises Costs, Limits Choices

- Consolidation in the insurance industry means that employers, particularly small businesses, have fewer insurance choices and less leverage when negotiating a plan for workers. Freedom from genuine competition allows Maine insurers to reap oversized profits and raise premiums with impunity.^{13,14}
- The state’s largest health insurer, WellPoint Inc., controls 78 percent of the state commercial market. Together with Aetna, the second largest Maine health insurer, they control 88 percent of the market.¹⁵
- The negative effects of consolidation in Maine are most visible at the local level. In the Bangor area, for example, WellPoint controls 82 percent of the market, including self-funded employer-sponsored health plans.¹⁶

Maine Insurance Market Consolidation by Metro Area, 2007¹⁷

Metro Area	Health Insurer With Largest Market Share	Market Share %	Health Insurer With No. 2 Market Share	Market Share %	Combined Market Share % of Top Two Insurers
Bangor	WellPoint Inc.	82	Aetna	8	90
Lewiston–Auburn	WellPoint Inc.	74	Aetna	14	88
Portland–South Portland	WellPoint Inc.	78	CIGNA	9	87

Source: American Medical Association, "Competition in health insurance: A comprehensive study of U.S. markets: 2007 update."

Without Reform, Health Costs of Insured and Uninsured Mainers Projected to Double by 2019

- Reducing health care cost growth is key to our fiscal health. "Done correctly, health care reform can genuinely slow the growth rate of health care costs and thus put us on a path to greatly reduced budget deficits in the long run," said Christina D. Romer, chairwoman of the White House Council of Economic Advisers. "Dealing with the looming budget deficits through effective health care reform is not simply the best way to go, it is likely the only way."¹⁸
- Failing to act will stress state budgets. By 2019, the number of people in Maine without insurance will increase from 135,000 to 169,000 according to the Urban Institute and the Robert Wood Johnson Foundation.¹⁹
- The state will face an increased burden that it cannot afford while thousands of families and business will face crippling medical costs and the prospect of medical bankruptcies, according to the Urban/Johnson report.²⁰

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Projected Aggregate Health Spending in Maine Under Current Law, Non-Elderly Population (dollar figures in millions)

	2009	2014	2019	Percent change 2009-2019
Uncompensated Care	\$202	\$288	\$415	105%
Employer Premium Spending	\$2,093	\$2,923	\$3,956	89%

Source: Robert Wood Johnson Foundation, "The Cost of Failure to Enact Health Reform: Implications for States," September 2009.

Racial and Ethnic Health Disparities Persist in Maine

- No one has more at stake in the battle over health reform than the 103 million people of color in the U.S.,²¹ including the 62,000 in Maine.²²
- Life expectancy for African Americans in Maine is 6 to 10 years shorter than that of whites.²³
- For people of color in Maine and nationwide, life is shorter, chronic illness more prevalent and disability more common. These are predictable side-effects of a health care system that provides these communities in Maine with narrower opportunities for regular health services, fewer treatment options and lower-quality care.
- In Maine, 30 percent of African-American women received no early prenatal care, compared to 18 percent of Latinas and 12 percent of whites.²⁴

Maine Racial and Ethnic Disparities and Performance on Key Health Indicators

Commonwealth Fund rankings show increasing cost pressures and deterioration in access across the U.S., together with geographic disparities in performance, underscore the urgent need for comprehensive national reforms to ensure access, change the trajectory of costs and enhance value.

HEALTH INDICATORS	STATE RANKING (out of 50 states plus District of Columbia)
Percent of children ages 19-35 months received all recommended doses of five key vaccines	41
Total single premium per enrolled employee at private-sector establishments that offer health insurance	48
Infant mortality, deaths per 1,000 live births	27
Percent of nonelderly adults (ages 18-64) limited in any activities because of physical, mental, or emotional problems	42
Percent of at-risk adults have not visited a doctor for routine checkup in the past two years	24

Source: Commonwealth Fund. "State Scorecard Data Tables," October, 2009.

MAINE CAN'T WAIT FOR HEALTH REFORM

The aim of health care reform is to improve access to quality health care services in every corner of Maine and the nation in a way that does not add to, and begins to lower, the cost burden on middle-income families. Through reform, we must slow the growth in health insurance premiums, extend coverage to the ten percent of Mainers who are uninsured, inject competition into highly concentrated and anti-competitive insurance markets, reduce racial and ethnic disparities in access to care and health outcomes, and strengthen the economy of Maine and the nation. Given the tremendous burden our dysfunctional health care system places on Maine families and businesses, Maine and the nation cannot wait any longer for health care reform.

Endnotes

¹Families USA, “Premiums versus Paychecks, by State, 2000 to 2009.” Accessed at <http://www.familiesusa.org/assets/pdfs/premium-increases-2000-to-2009.pdf>.

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⁴Ibid.

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⁶Small Business Majority, “The economic impact of healthcare reform on small business,” 2009. Accessed at http://www.smallbusinessmajority.org/pdfs/SBM-economic_impact_061009.pdf.

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⁸Kaiser Family Foundation, “Indiana: Health Insurance Status.” Accessed at <http://www.statehealthfacts.org/profileind.jsp?cat=3&sub=39&rgn=16>.

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¹¹U.S. Bankruptcy Courts, “Table F2: Business and Nonbusiness Bankruptcy Cases Commenced, by Chapter of the Bankruptcy Code: During the Twelve Month Period Ending Dec. 31 2008.” Accessed at <http://www.uscourts.gov/bnkprctystats/statistics.htm>.

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¹⁴Stephen Foreman, “Proposed Consolidation of Highmark and Independence Blue Cross,” July 2008. Accessed at <http://www.ins.state.pa.us/ins/lib/ins/highmark-ibc/0943.pdf>.

¹⁵AMA data in this report are based on combined enrollment in preferred provider organizations (PPOs) and health maintenance organizations (HMOs) in states and metropolitan statistical areas (MSAs) as defined by the U.S. Census Bureau. The AMA calculates market share by dividing an insurer’s enrollment in a given product by the total enrollment across all insurers in a market multiplied by 100. Total enrollment is for commercial products only, including self-insured employer-sponsored PPO plans and individual coverage, and does not include Medicare, Medicaid, or Children’s Health Insurance Program enrollments. Self-insured employer plans refer to PPOs only. Accessed at <http://www.ama-assn.org/go/competition2007>.

¹⁶Ibid.

¹⁷AMA data in this report are based on combined enrollment in preferred provider organizations (PPOs) and health maintenance organizations (HMOs) in states and metropolitan statistical areas as defined by the U.S. Census Bureau. The AMA calculates market share by dividing an insurer’s enrollment in a given product by the total enrollment across all insurers in a market multiplied by 100. Total enrollment is for commercial products only, including self-insured employer-sponsored PPO plans and individual coverage, and does not include Medicare, Medicaid, or Children’s Health Insurance Program enrollments. Self-insured employer plans refer to PPOs only. Accessed at <http://www.ama-assn.org/go/competition2007>.

¹⁸Christina D. Romer, “Health Care Reform and the Budget Deficit,” October 26, 2009. Accessed at <http://www.whitehouse.gov/files/documents/HealthCareDeficit.pdf>.

¹⁹Robert Wood Johnson Foundation, “The Cost of Failure to Enact Health Reform: Implications for States,” October 2009. Accessed at <http://www.rwjf.org/files/research/49148.pdf>.

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²⁴National Center for Health Statistics, “Health, United States, 2008 With Chartbook” Hyattsville, MD: 2009.