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On Health Care, Maine Leads

At a time when many states are scrambling to reduce their medical expenditures because of looming budget deficits, Maine has taken the opposite course with a program to provide health insurance for all of the state's uninsured residents. A bill approved by the Legislature this month seeks to make insurance affordable and readily available to all those who don't have it while taking steps to control health care costs and improve its quality. The plan is notable for its boldness in a period of great budgetary gloom in most state capitals.

The core of Maine's plan is an interesting effort to transform the vast amount of money that hospitals and other health care providers currently lose on bad debts and charity care into a revenue stream to subsidize health coverage for the uninsured. As things stand now, health providers in Maine deliver some \$275 million a year in free care and cover that cost by raising their rates for everyone else, thereby driving up insurance costs. Maine believes it can recapture perhaps \$80 million of that lost money by insuring a lot of those who now get free care, pressing hospitals to reduce their rates accordingly and charging insurance companies a fee to reflect any savings they realize from lower hospital rates.

That payment by insurance companies is expected to help subsidize the new insurance program after a first-year startup using new federal fiscal relief money. Nobody knows if hospitals and insurers can wring out enough savings to make the plan work, but Maine deserves credit for an innovative approach to dealing with bad debt and charity care.

Maine hopes within five years to make health insurance available to all its uninsured citizens, 136,000 at any given time. The state will set up a not-for-profit organization that will contract with insurance companies to provide coverage to uninsured individuals, self-employed people and the employees of small businesses. Employers will be asked to pay most of the employees' premiums and workers will pay the rest, with subsidies for those below 300 percent of the federal poverty level. Employer contributions will be used to attract federal matching funds for an expanded Medicaid program as well.

Maine's efforts are a good reminder that leaving Americans uninsured does not mean wiping out the cost of their illnesses, which can become more serious and expensive because of lack of early treatment. When their symptoms become critical, the uninsured wind up in expensive emergency rooms, where the bill is paid, one way or another, by the rest of the community. Great uncertainties remain as to whether insurers, small businesses and uninsured Mainers will find the program attractive enough to participate. Yet it is encouraging that Maine, which led most states in efforts to control prescription drug costs, has now taken a new tack toward solving the nation's health care problems.