



From R: Randy Roberts, Donald Chase, Diane Roberts

Consumers for Affordable Health Care

"Advocating the right to health care for every man, woman, and child."

www.maineahc.org

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In Person:

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At some point I realized that, as a citizen I am a fundamental piece of my own government. I am the person who has done nothing...or who has done everything I can to protect myself and my family's right to life and health.

- Let someone else do it...
- Look the other way...
- Complain that the government doesn't do anything...
- Always be too busy myself, to do anything...

These were the tools that I used to deny my responsibility in the course and quality of my own life. Then one day I learned of a new concept in health care, (*An Act to Address the Health Coverage Crisis for Maine's Small Business and Self-Employed Persons*) which would take advantage of federal, state, and employer money, to create a workable health care plan for Maine's small business people.

Instead of just the small business employer trying to get by with second rate insurance plans and enormously high deductibles, we would work in unity with the state and nation, to create a health insurance plan with quality care at an affordable level.

Right now, most small business employers and (see **Profile**, page 3)



Health Care Relief for Maine's Small Businesses!

"An Act to Address the Health Coverage Crisis for Maine's Small Business and Self-Employed Persons" Passes!

Thank you and congratulations to the Small Business Owners of Maine for your hard work in helping *Consumers for Affordable Health Care* propel the Maine Small Business Health Care Coverage Plan through the Maine Legislature. Your work has paid off.

House Speaker Michael Saxl's legislation that sets up a voluntary, comprehensive health plan to provide affordable, quality, health insurance to small business owners, their employees, and the self-employed is now law.

The law sends a strong message that reflects the reality that health insurance is no longer affordable. Health insurance premiums have risen to unaffordable levels for most Maine small businesses and self-employed. This problem is fueled by Maine's health insurance market being a virtual monopoly. One company, Anthem, insures almost 70% of all privately insured Maine people. Anthem and the two remaining for-profit (private) HMOs, Aetna and Cigna, have proven ineffective in controlling rising health costs on behalf of their policyholders. For several years now, HMOs have raised their rates dramatically - forcing their policyholders into higher deductible (\$5,000 or more) and lower payout plans. As a result, *insured* consumers paid 37.5% of all health costs on an out-of-pocket basis in 1999¹ and that figure is rising.

In this climate, it is impossible for Maine's small businesses to continue to produce a reasonable income and be solely responsible for providing health insurance for the family, friends or neighbors who are their employees. From 1997 to 1999, the proportion of small businesses providing health care coverage dropped from 77% to 68%.² Small business people want to provide health insurance to their employees, but costs prohibit many from doing so. In 2002, the cost of small group insurance coverage that provides good benefits and reasonable cost-sharing is about \$4,000 per year for employee-only coverage and \$8,260 (see **Relief**, page 2)

Who is Eligible for Maine's Small Business Health Care Coverage Plan?



- Small Employers with 2-50 employees.
- Self-employed
- Non-profits - 501(c)(3), (c)(4) or (c)(6).
- Full time or part time employees.
- Other eligible employees & dependants.
- Retirees (optional for employer).



What Does The Small Business Health Coverage Plan Do?

The Small Business Health Coverage Plan will help preserve coverage for those who now have it, and offer an affordable, quality solution for small businesses currently without coverage, by stabilizing and lowering premiums through an appointed Board of Directors.

It creates a voluntary health plan for small businesses and self-employed people.

The new law creates a voluntary health plan for small businesses and self-employed people in Maine that does 5 important things, to make good health care coverage available and affordable:

- *requires insurers bidding for the contract to offer a comprehensive benefit plan;*
- *sets up a board to oversee the operations of the plan;*
- *negotiates reimbursement rates with health care providers;*
- *caps the plan's administrative costs;*
- *maximizes the use of federal matching dollars through Medicaid to keep overall plan costs low.*

The goal is to provide quality coverage and keep plan costs low for policyholders. To ensure that the plan is affordable for small businesses and self-employed people, the first stage of the law requires an actuarial analysis to determine the costs of the plan (see Timetable, page 3).

Individuals in the Plan will be covered by the insurer that successfully bids for the contract. Whenever an individual who is eligible or could become eligible for Medicaid enters the plan the Medicaid program would contribute federal matching dollars

The money coming from Medicaid would lower costs for everyone enrolled.



on a 2-to-1 ratio to lower costs for everyone enrolled. Instead of only the employer paying into the plan, there would also be state and federal dollars contributing to the small business group. This is a part of the plan that should significantly lower employer contributions toward health care, beyond what one could expect to pay on their own.

Relief (continued from front page)

per year for employee and spouse coverage.³ For non-group policyholders, an HMO policy with a reasonable deductible for 2 adults and 1 child is over \$1,200 per month or \$14,400 per year.

Health care costs are expected to increase over 10% this year⁴ and insurance premium increases will be even higher. As Randy Roberts (see this issue's, "In Person") put it: "In 1975, when I took over the business, I had to sell one washing machine a month to provide an employee and his family with Blue Cross. Now I have to sell eight washers a month—and that's just for the employee and his wife, not the kids."

This is not an environment that supports the longevity or success of our small businesses, which provide employment to a vital 49% of the Maine population, and who are an essential part of Maine's traditional identity. A change must be made if small businesses are to sustain themselves and continue contributing to our state.

The first steps toward change were taken when "An Act to Address the Health Coverage Crisis for Maine's Small Business and Self-Employed Persons" was passed this year. Thanks to the courage and integrity of our small business people, the hard work of the supporting legislators, and the educational and organizational work of *Consumers for Affordable Health Care Coalition* members, the Banking and Insurance Committee gave a unanimous "ought-to-pass" recommendation, and it was passed by both the Maine Senate and the Maine House of Representatives. Help is on the way.

¹Year 2000 Blue Ribbon Commission on Health Care Costs, Figure 5, p. 15 (Nov. 2000)

²C St. John, J Ditre, L Pohlman, *At Risk: Small Business Health Insurance In Maine*. A "small business" is defined under Maine's insurance code as a business with 50 or fewer workers.

³Anthem HMO Maine Lock-in Policy, Group Size 2 – 9 contracts, rate effective February 2002.

⁴Heffler, Levit, Smith, Cowan, Lazenby, and Freeland, *Health Spending Growth Up in 1999; Faster Growth Expected in the Future*, *Health Affairs*, March/April 2001, pp. 193 - 203

For the text of the law, go to the web site:

<http://janus.state.me.us/legis/ros/lom/LOM120th/>

5Pub651-700/Pub651-700-26.ht

Who Are The Board of Directors?

The creation of a Board of Directors for Maine Small Business Health Coverage Plan is very important to its appropriate, and timely execution. The Plan states that the Board of Directors will be created from a variety of professionals and consumers who will address the concerns and interests that apply to the group they represent. The Board must consist of 11 voting members:

- ✱ 2 will be appointed by the ME Senate President: 1 representing self-employed, 1 representing organized labor;
- ✱ 2 will be appointed by the ME House of Representatives Speaker of the House: 1 representing small businesses, 1 representing health care consumers;
- ✱ 2 will be appointed by the Governor: 1 of whom is a health policy expert in both public and private health sectors, 1 representing low income people;
- ✱ 5 will be jointly appointed by the Governor, Speaker of the House, and Senate President: 1 representing small employers with 20-50 employees, 1 representing a nonprofit community development financial institution assisting small businesses, 1 representing health care consumers, 1 health care economist, 1 representing health care providers; and
- ✱ The Maine DHS Commissioner will serve as an ex-officio, non-voting member

Board members oversee the operations of the health plan and solicit bids from insurers and the DHS to meet the requirements of the health plan. They also negotiate rates with health care providers and ensure that the successful bidder keeps administrative costs low. The Board makes sure that the savings are passed onto enrollees, that the plan is financially solvent, and that the enrollees are protected against financial risk.

The success of this Plan is ultimately in the hands of the appointed Board Members.

The success of this plan is ultimately in the hands of the appointed Board Members, and directly dependent on how they perform their duties, make decisions, and exercise their powers. The first step toward a change to affordable, quality health care for Maine's small businesses was taken during this past session, when this law was passed. The next step is to make sure that the people appointed hear from you!

The next issue of Health Access-Small Business Edition, will provide Board meeting dates

The Next Step.

Who Was Appointed To The New Board of Directors?

The next issue of Health Access-Small Business Edition, will provide a list of names for the newly appointed Board, as well as a list of their meeting dates.

Want information about how you can become more involved? Call or email Consumers for Affordable Health Care at,



1-800-838-0388

jderrico@mainecahc.org

Profile-Randy Roberts (continued from front page)

employees have no health insurance, or such a high deductible that unless there in a catastrophic accident or illness, nothing is really covered in a way that people can afford. This is a huge problem.

For the first time in my 53 years, I decided that I should stand up and speak. I wanted to show my support for the new law that would bring attainable and beneficial health insurance to the working people of Maine. I went to our State Capitol with Consumers for Affordable Health Care, and spoke in favor of this bill at a Banking and Insurance Committee meeting. I told the Committee members how important this bill (now a law) was to me, as a Maine small business owner.

I would be so proud of Maine's governing bodies if they would realize the gravity of importance contained in this new law. We all have to work together to make sure that the interests of small business owners and individuals will continue to be protected and represented accurately in the execution of this new law.

Only the governing bodies of Maine have the ability to bring all of this together to create a working health insurance plan that sets an example for the entire nation to follow. But it's up to us, the everyday people of Maine, to let them know what we care about, and what we need to survive.

Inside:



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Health Care Relief for Maine's Small Businesses is on the Way!
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Health Access: Small Business Edition is a publication created by Joseph P. Diire', Esq. and Jaime M. D'Errico



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Statutory Timetable

Maine's Small Business Health Care Coverage Plan

July 24th 2002	August 15th 2002	September 1st 2002	November 30th 2002	December 31st 2002	March 1st 2003	Adjournment of the 1st Session on the 121st Legislature	August 1st 2003	October 1st 2003	January 1st 2004	December 31st 2008
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- Public Law, chapter 677 effective Date.
- The 11 Board of Directors Members will be appointed.
- The Board will initiate planning & research, for development of a "business plan".
- An interim report on the development of a business plan will go to the Banking and Insurance Committee.
- The final Business Plan goes to the Banking and Insurance Committee.
- The Banking and Insurance Committee shall review and comment on the Business Plan.
- The Banking and Insurance Committee shall report legislation approving the board's business plan (if the Legislature fails to approve the plan, the board can implement & operate the plan.
- The board will issue RFP and solicit bids from qualified bidders, including Maine DHS, to purchase or administer coverage.
- The board will select qualifying bidder(s).
- Coverage through the plan must be available to enrolled employers and their employees.
- Statute will be repealed, if not extended.**