

The LaMarche Healthcare Plan

Summary

The LaMarche healthcare plan will provide lifetime healthcare for each and every Mainer. The Plan provides healthcare - not simply insurance. The Plan draws on the work of numerous Blue Ribbon Commissions that have studied healthcare in the state over the past 11 years. The Plan creates the Maine Healthcare Authority to oversee and administer the Plan, which will be funded by streamlining and simplifying the many ways Mainers currently pay for healthcare.

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1. The Problems With the Current System

It is estimated that 141,000 Mainers have no health insurance. This number has increased 11,000 in the past year, despite the current administration's attempt to address the problem through the Dirigo plan.

Healthcare also has become increasingly expensive and consumes a disproportionate amount of family budgets and the State Gross Product. Anthem Blue Cross/Blue Shield recently proposed a 20.5% increase in insurance premiums. In addition to premiums for those who have health insurance, Mainers also pay for healthcare through a multitude of taxes, co-pays and deductibles. An alarming percentage of healthcare expenditures pay for administrative costs, bureaucracy and insurance company profits.

Rising Costs

Maine people are suffering greatly as a result of the outrageously rising cost of healthcare. Maine is desperately in need of a new system of healthcare distribution. Our present system restricts decision making by healthcare professionals, undermines family values, rations healthcare at the point of delivery, and unfairly burdens individuals with inflated health insurance costs. Many people are currently forced to choose among fuel, food and medicine. More than 141,000 Mainers are uninsured; one in two Mainers are underinsured.

Burdens for Small Business

Our current system places an onerous burden on employers, especially small businesses. Each and every time the healthcare industry raises its rates, employers must decide whether to suffer the increase themselves, pass the cost on to their employees, or stop providing any insurance at all for their employees.

Lack of Providers

We will not have an adequate number of healthcare professionals as long as we do not have an appropriate demand for services. Additionally, retention and recruitment of healthcare providers in central, northern and rural areas of Maine has proved difficult, and our need for physicians has remained virtually unchanged since the Maine Health Care Reform Commission (MHCRC) released its findings in 1995.

"In 1993, 145,310 Maine residents lived in a primary care health professional shortage area. According to (Primary Care Physician Requirements in Maine) an additional 60 primary care physicians would be needed to meet ... demand."

[Please see attached information calling for dental, pharmacy and MD granting medical schools to address this problem.]

Lack of Preventative Care

Maine invests little in preventative care. In addition to improving the quality of life, preventive care is much more cost-effective than treating illness. For example, each dollar spent on helping a pregnant woman stop smoking saves about \$6 in intensive hospital costs. Vaccines have prevented nearly 7 million cases of measles, mumps, and rubella, saving \$14 in medical costs for every dollar spent on immunization.

Our inability or unwillingness to detect or prevent illness at its early stages negatively impacts our lifestyles and our pocketbooks. While Maine people are plagued by cancer, diabetes and heart disease, we can ill afford to address the problem under our current funding structure. Consequently, because Maine invests very little in prevention, it can not fully benefit from federal matching funds available for prevention programs.

Lack of Matching Funds

Maine's match of state dollars to federal dollars for public health is among the lowest in the nation. Maine stands to lose even more dollars if the current administration's plan to privatize behavioral healthcare is implemented. [Please see attached information.]

2. How Mainers Currently Pay for Healthcare

Most people don't realize how much Mainers pay for healthcare and in how many different ways we pay.

For starters, Mainers pay more for healthcare than most other people in the country. According to the Maine Center for Economic Policy, Maine's healthcare costs—as a percentage of gross state product—are a third higher than the national average.

Although we know that healthcare and health insurance are expensive, we don't realize *how* expensive healthcare really is because the costs are buried. In addition to insurance premiums, deductibles and co-pays, Mainers pay for healthcare through our taxes. Even if we don't have health insurance ourselves, we're still paying for *someone else's* healthcare through our taxes!

Here are some of the many ways we pay for healthcare:

- **Insurance Premiums:** Those of us fortunate enough to have healthcare pay insurance premiums, or our employers do, or both of us wind up paying.
- **Out of Pocket Expenses:** There is no insurance plan in Maine that does not have deductibles and co-pays. Mainers pay close to a billion dollars in out-of-pocket expenses annually.
- **Federal Income Taxes:** Federal income taxes pay for Medicare and Medicaid, healthcare for low-income and senior citizens. Additionally, federal taxes pay for the insurance premiums of federal employees, elected officials, and military employees, as well as the healthcare benefits of veterans.
- **State Income Taxes:** A portion of our state income taxes also goes to pay for Medicare and Medicaid. In Maine, many Medicaid and Medicare recipients are working folks who aren't offered health insurance at work and can't afford it on their own. This means that our income tax dollars not only fund the healthcare of the elderly and poor, but also subsidize profitable businesses. For example, more than ten percent of Wal-Mart employees in Maine receive this taxpayer-subsidized benefit, according to an AFL-CIO March 2006 report.
- **Sales Taxes:** 48% of our tax revenue came from sales taxes in 2004. State employees, including legislators and the governor, have their insurance premiums paid for by the taxpayers. When you buy a lawn mower, a car, or clothing, you are paying for state employees' health insurance premiums as well as for the state portion of Medicare and Medicaid.

- **Death, Gift, Documentary and Stock Transfer Taxes:** All of these revenue streams go toward paying the same healthcare costs that our sales tax dollars pay.
- **Cigarette Taxes:** According to the Government Performance Project, which ranks states on their fiscal viability, “Maine’s tobacco funds are earmarked – used mostly for healthcare.”
- **Excise taxes:** Town and county employees’ health insurance premiums are funded through the collection of excise taxes.
- **Property taxes:** Like excise taxes, money generated through property taxes pays for the insurance plans of everyone from sheriff’s deputies to town clerks.
- **Hunting and Fishing licenses:** In 2004, fees were increased on these items and directed into the general fund. The general fund, in part, finances healthcare. It pays health insurance premiums for state employees, as well as funding the state’s portion of Medicare and Medicaid.
- **Workers Compensation Premiums:** Workplace related illnesses and injuries are compensated through workers compensation. According to Insurance Strategies, Ltd., an insurance industry think tank, approximately 50% of workers compensation pays for healthcare.

3. The Solution

Most of the world’s industrialized countries provide universal healthcare for their citizens. Countries that use a universal system provide better healthcare at less cost for more citizens than the U.S. “system.” The LaMarche Healthcare Plan is a universal system. From the experience of Saskatchewan in Canada, we know that one state can implement a universal plan successfully and create a model for the rest of the nation to follow. The Plan also calls for the creation of graduate schools to train Medical Doctors, Dentists and Pharmacists to alleviate the shortage of providers in Maine.

4. The Plan

The recommendations for healthcare coverage included in the 171-page Maine Health Care Reform Commission report released in November, 1995 are thoughtful, fair and form the basis of the LaMarche Healthcare Plan. The MHCRC report unquestionably demonstrates the need for a universal healthcare system and recommends an appropriate plan for coverage.

The MHCRC recommendations delineate the basic health coverage parameters for all Mainers.

Services Provided

- **Glasses:** The LaMarche Healthcare Plan adheres to the MHCRC recommendations with one exception. The MHCRC did not call for vision benefits; the LaMarche Healthcare Plan provides one pair of eye glasses every three years, or as the patient's prescription changes.
- **Any doctor:** People may see any doctor or approved provider they wish, for preventative care, wellness and when they are sick.
- **Independent healthcare providers:** Providers will not be employees of the state; they will retain their status as independent healthcare entrepreneurs. Providers will bill the Maine Healthcare Authority for services rendered.
- **Prescriptions:** Coverage includes non-elective prescription medications.
- **Braces:** Pediatric dentistry is included.
- **Portable:** This plan is portable across state lines. If the best care available for a patient is out of state, the plan will pay for that care.
- **Universal:** Every Maine resident will be included. There will be a waiting period of one year for those who move to Maine without immediate employment or educational enrollment.
- **Veterans:** Maine Veterans will be able to go to any Maine hospital.
- **Home healthcare:** Home healthcare services will be included when prescribed by a provider.
- **Elective procedures:** The plan does not include elective medical procedures.

5. Getting There from Here

The LaMarche Healthcare Plan calls for the creation of the Maine Healthcare Authority to administer the program. The MHCRC recommended that the Authority board be comprised of healthcare providers, government appointees, hospital administrators and representatives of the business community as well as private citizens. The Authority will oversee the healthcare program as well as steward the education of healthcare professionals.

The LaMarche Administration will petition the release of federal Medicaid funds, in accordance with Section 1915(b) of the U.S. Social Security Act, to the State of Maine for incorporation into the plan. (Maine's Department of Human Services already petitioned for and received a waiver, for an unrelated purpose, in January 1996).

One theoretical obstacle to providing healthcare to Mainers is ERISA (Employee Retirement Income Security Act). ERISA's original purpose was to regulate employee pension plans. ERISA is now used to prevent state agencies and governments from regulating self-insured business insurance plans.

ERISA regulates insurance, not the direct provision of healthcare. The LaMarche Healthcare Plan will not be providing health insurance to Mainers nor will it require employers to purchase health insurance through the state. ERISA, therefore, is not an obstacle to the LaMarche Healthcare Plan.

6. Paying for the Plan

The federal government will be billed directly for expenses related to federal employees living in Maine. The state already employs this direct billing for unemployment compensation paid to federal employees. "Federal employees" are defined as current and retired federal employees, as well as military personnel.

Private employers will be taxed based on two factors: wages paid to employees and the size of their business. Based on the number of their employees, employers will pay between 5% and 12% of the employees' wages to the state of Maine. These funds will then go directly to the Maine Healthcare Authority.

Number of employees	Percent of payroll
5 or fewer	5%
6-24	6%
25-50	7%
51-100	8%
101-250	9%
251-500	10%
501-1000	11%
over 1000	12%

Note: To see a calculator to help you estimate how much your company will pay for healthcare, go to www.pat2006.com.

7. Savings

For most businesses, the amount paid under the LaMarche Healthcare Plan will represent an enormous savings compared to their current expenditures for employee healthcare premiums. Employers who do not currently provide health insurance for their employees might have more of an overall expenditure under the Plan. However, those employers could, if they choose, adjust wages to compensate for this increased benefit and incur no new net expenses under the Plan. The only businesses potentially impacted under this Plan are those that pay minimum wage and do not provide health insurance, since they could not adjust wages downward.

Surplus funds generated by the universal system will be accumulated in a rainy day fund administered by the Maine Healthcare Authority. When this fund reaches \$500 million, the percentages assessed for payroll contribution will be adjusted downward.

Maine has already had great success with workers compensation cost reductions, which will be greatly enhanced by adopting universal healthcare.

The LaMarche Healthcare Plan will eliminate workers compensation medical costs incurred by businesses. If a worker is injured on the job, the attendant medical costs will simply be covered by the universal plan. This represents a savings of at least 50%--and possibly as much as 75%--of our current workers compensation costs and premiums.

The LaMarche Healthcare Plan will eliminate the cost shifting caused by the uninsured. Healthcare-related bankruptcies will be substantially reduced; most happen when people who have health insurance become seriously ill and lose the job that provided the insurance. They lose their job, their benefits and their ability to pay.

Businesses that do not currently provide insurance will stop draining those who do. For example, many spouses of the insured work for companies who offer no benefits but these spouses receive benefits paid for by their husband or wife's employer.

Businesses that do not currently provide insurance will stop depending upon the taxpayers in the form of state and federal health programs to provide healthcare to their employees.

The LaMarche Healthcare Plan will eliminate lost revenue and expenses due to unpaid bills and collection expenses. Funds will be used to pay for healthcare and not for insurance. Bureaucracy will be streamlined; "needs assessments" eliminated. Administrative costs will be drastically reduced; billing will be simplified—providers will submit bills to a single payer, the Maine Healthcare Authority.

8. Additional Economic Benefits

The high cost of healthcare nationwide is crippling economic development and business growth, affecting everyone from Mom and Pop stores to General Motors. Once Maine establishes universal healthcare, companies will move here in droves to operate their businesses in a state where one of their most burdensome operating expenses will be covered. Mainers who want to establish small businesses, or become entrepreneurs, will also be encouraged to do so when they know they won't be losing healthcare coverage for themselves and their families—one big stumbling block that keeps many hard-working people from going into business for themselves.

Millions of dollars in property taxes presently go toward paying the insurance premiums for town and county employees. Once universal healthcare is established in Maine, this financial obligation of towns and counties will be greatly reduced, and property tax relief will become a very real possibility.

9. Creating More Medical Providers

The LaMarche Healthcare Plan calls for the establishment of graduate schools in Maine to train M.D.'s, dentists and pharmacists. None of these schools exist in Maine today. Since many medical professionals settle within 30 miles of where they are educated, the lack of schools in Maine is a major factor in the shortage of medical providers in our state.

Having enough trained doctors, dentists and pharmacists—who will study and stay in Maine—is a key component of Pat LaMarche's Healthcare Plan. The 1995 Blue Ribbon Commission Report concluded that "appropriate provider training opportunities need to be available in order to ensure an adequate supply of healthcare providers."

New healthcare schools will create jobs and brings millions of dollars to Maine. These schools employ workers at all levels, from professors and administrators to cafeteria workers. Each year, the National Institutes for Health awards grants to U.S. medical schools ranging from \$1.2 to \$449 million dollars. Without an allopathic medical school of our own, Maine is missing out on millions of dollars that could stimulate our economy.

The graduate medical programs will provide new educational and employment opportunities for students who will study in Maine, work in Maine, and stay in Maine.

Pat LaMarche wants this year's freshman college class to have the option, when they graduate, of attending schools right here in Maine where they can earn a degree as an M.D., dentist or pharmacist.

Acknowledgements

Special thanks for the thoughtful, respectful and scholarly efforts by Robert B. Keller, Chairman, Peter Hayes, and Neil Rolde, Commissioners, of the Maine Health Care Reform Commission (MHCRC).

The LaMarche Healthcare Plan is based to a large degree on the commission's findings. While the final recommendations of the LaMarche Healthcare Plan are different from those of the MHCRC, our Plan is built upon the framework and findings they provided in their report.

Additionally, the 2000 Blue Ribbon Commission sponsored by Governor Angus King and chaired by Husson College President William H. Beardsley confirmed the findings of the MHCRC and further supported the recommendation for universal healthcare.

References and Sources

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Labor Market Information Services
State House Station 54
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19 Union Street
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43 State House Station
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For more information about Pat LaMarche and her campaign to serve as the next governor of Maine, please see www.pat2006.com