

# The Way Forward: 12 Steps to a Unified Payer System for Maine

A presentation for Maine legislators, March 16, 2023, by Les Fossel, Alna, Maine

## Les Fossel's Background

- \* Award winning contractor since 1975 with 15 employees with 160+ years of combined experience.
- \* Board Member, Lincoln Health.
- \* Board Chair, Eldercare Network of Lincoln County.
- \* Board Member, Lincoln County Dental.
- \* Health insurance underwriter & Heart Association Chapter Executive Director (before 1975).
- \* Legislative Service:
  - GOP Maine House Member 2008 to 2012.
  - Rated by MERI as one of the most fiscally conservative Legislators.
  - Health & Human Services, Government Oversight, Insurance & Financial Services, Judiciary Comms.
  - Joint Select Committee on Healthcare Reform (2010)

## Twelve Steps

### 1. **Pass a Constitutional amendment making Healthcare a Right in Maine.**

This is what we believe, so let's say so. Our Constitution already comes close to considering it a right:

#### **PREAMBLE.**

**Objects of government.** We the people of Maine, in order to establish justice, insure tranquility, provide for our mutual defense, *promote our common welfare*, and secure to ourselves and our posterity the blessings of liberty, acknowledging with grateful hearts the goodness of the Sovereign Ruler of the Universe in affording us an opportunity, so favorable to the design; and, imploring God's aid and direction in its accomplishment, do agree to form ourselves into a free and independent State, by the style and title of the State of Maine and do ordain and establish the following Constitution for the government of the same.

#### **Article I.**

#### **Declaration of Rights.**

**Section 1. Natural rights.** All people are born equally free and independent, and have certain natural, inherent and unalienable rights, *among which are those of enjoying and defending life and liberty*, acquiring, possessing and protecting property, *and of pursuing and obtaining safety and happiness.*

### 2. **Accept that markets fail in healthcare because we do not choose providers on a cost basis.**

It is insanity to repeatedly do the same thing, get the same result, yet expect a different result.

### 3. **Create a Joint select Committee on Healthcare Costs**

The Legislature must set the agenda for the Office of Affordable Healthcare if we expect timely results.

### 4. **Standardize coverage, policy language, applications, claim forms, deductibles, payments, etc.**

We spend too much on overhead and too little on treatment. Colt standardized firearms 180 years ago. Ford standardized autos 110 years ago. We standardized almost all other forms of insurance decades ago. This lowered costs and improved quality, but none of these organizations were driven out of business.

### 5. **Develop a Unified Payer System**

This is what all other developed countries do. It clearly works, so we must consider it among our options.

**6. Limit combined overhead charges for healthcare providers and insurers to 20% (or less) of the total costs.** Mandate a reduction in overhead every year. My business charges 15% for overhead & profit combined. Too much of our government and private entities spend 50% on overhead. This must stop if we are ever to earn the respect and meet the needs of our citizens.

### 7. **Get Mainecare to pay the real cost of care for hospitals, dentists, long term care homes, etc.**

We cost shift to insurance companies, private payers, and the uninsured. Mainecare doesn't come close to covering costs. Mainecare payments must match Medicare. The current situation is a hidden tax on Mainers.

### 8. **Fund public health**

Prevention is cheaper than treatment. Historically, prevention is primarily responsible for improvements in both the length and quality of life. Other developed countries spend an average of 2/3rds of their healthcare dollar on prevention, and their overall costs are 1/2 ours - yet their citizens live an average of 5 years longer. As Covid proved, many of our local healthcare systems are good at public health and want to do it.

### 9. **Require every worker be covered by Workers Comp & Unemployment Comp**

If you are unable to work because of a job-related injury and have neither WC nor UC, then you are at risk for bankruptcy. We have a huge number of "independent contractors" who have no insurance. I pay about 14% of my payroll for WC/UC. My "independent contractor" competitors pay nothing. When those workers get hurt or laid off, the rest of us pay for them.

### 10. **Use the MEMIC Worker's Comp model to for a more robust version of Community Health Options**

MEMIC has lowered costs and improved outcomes without government or politics - we can do the same for healthcare. Switzerland and Germany both have private health insurance carriers and 50% lower costs.

### 11. **Mandate Insurers pay interest at the highest allowable rate for late claims payments**

Insurance companies invest premium dollars. Delaying claim payments adds to their profits.

### 12. **Create tax incentives for medical trials in Maine**

This is a business incubator that can bring cutting edge treatments here 1st. There are treatments on the horizon that will lower healthcare costs. Maine should be 1st in line to benefit. With Jackson Labs, the Roux

Institute, proximity to Boston's medical infrastructure, hospitals rated the best in the US, the oldest population, and a very high quality of life, we are in a good position to attract such trials here.

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References

**MAINE’S HEALTH COSTS:**

- \* 3<sup>rd</sup> highest cost per capita in America (& the world) @ **\$14,041**
- \* Largest share of the economy in the world @ **22%**,
- \* Increasing much faster than economic growth and inflation combined @ **5.8%**.

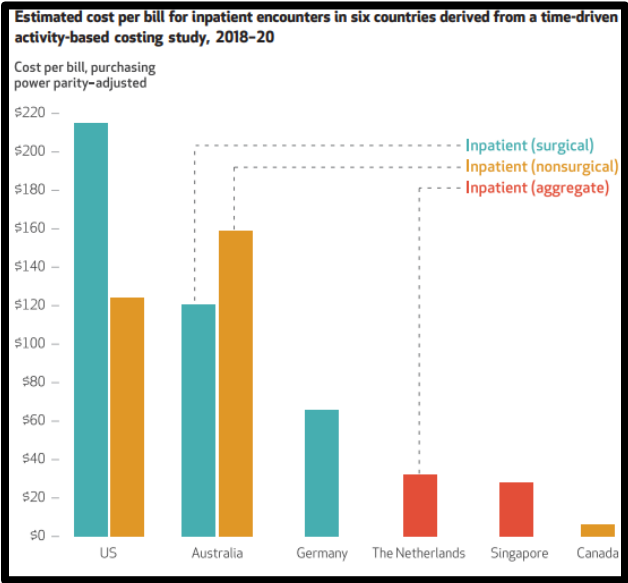
**MAINE’S INCOME** - *versus other states:*

- \* 30<sup>th</sup> in family income,
- \* 35<sup>th</sup> in per capita income,
- \* 44<sup>th</sup> in wage income.

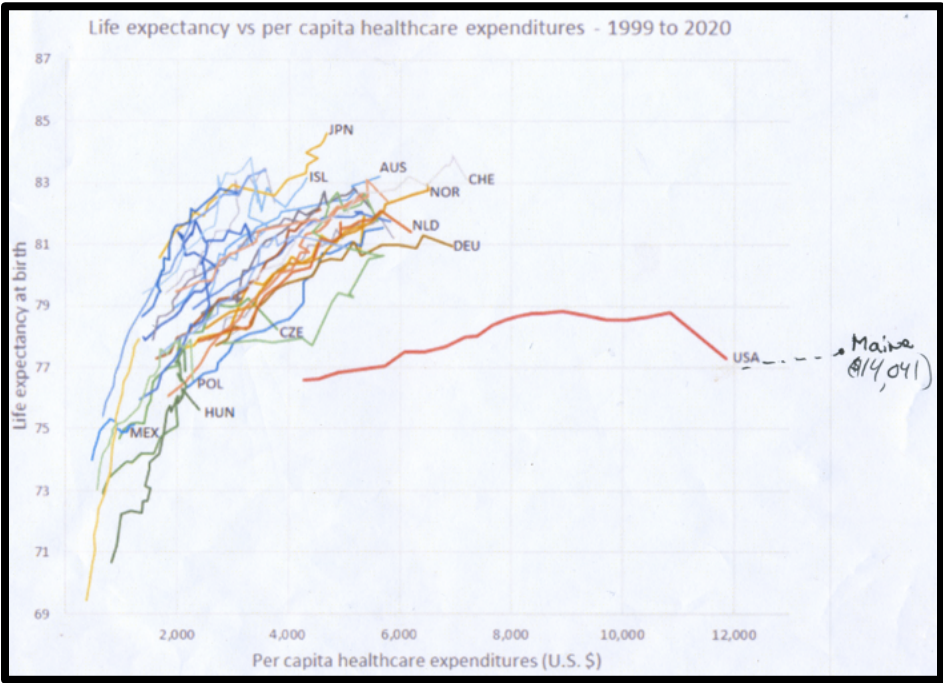
**OUR COMPETITION** – *the Swiss example:*

- \* A completely private healthcare system,
- \* A 5 year longer average lifespan,
- \* 1/2 Maine’s costs - 11% of their economy,
- \* Rated the world’s most competitive economy.

Sources: The Kaiser Family Foundation, Me. Dept. of HHS and *The Healing of America*.



Source: HEALTH AFFAIRS 41, NO. 8 (2022): 1098–1106



Source: BPEA Conference Drafts, March 23–24, 2017 Mortality and morbidity in the 21st century  
Anne Case, Princeton University Angus Deaton, Princeton University