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Why is Maine 5th in US for health care spending?



Kevin Bennett | BDN

An exam room in the Mary Dow Center for Cancer Care at Maine Coast Memorial Hospital in Ellsworth. The cancer treatment center opened in January. *Buy Photo*

By [Matthew Stone](#), BDN Staff
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AUGUSTA, Maine — The state's health care costs per person exceed the national average and continue to rise at a faster-than-average rate. But

while lawmakers often stress the need to rein in health care spending, they have not settled on a long-term strategy to do so.

Discord among Democrats and Republicans over crafting that strategy emerged on the House floor Wednesday when legislators debated a bill that would form a state Commission on Health Care Cost and Quality and charge it with developing a plan for cutting costs and improving outcomes in Maine's health care system.

Democrats said the legislation, LD 230, was needed to focus health care reforms in the state on a common goal. Republicans, meanwhile, said the commission would duplicate work already underway at the Department of Health and Human Services — and at a significant cost.

The bill garnered initial approval in the Democratically controlled House with a 90-57 party-line vote. While it sparked partisan tension, members of both parties acknowledged Maine needs a coordinated plan if it stands a chance of improving the health of its population and controlling health care costs.

Above-average costs, growth

In 1993, spending on health care in Maine totaled \$3.6 billion, according to the federal Centers for Medicare and Medicaid Services. By 2009, that figure had risen 214 percent, to \$11.2 billion. Total property taxes in Maine rose 103 percent during that period, in comparison.

Health care spending today accounts for more than a fifth of Maine's economy — 22.4 percent in 2009, according to the Maine Development Foundation. And Maine Department of Labor statistics show the health care and social assistance sector accounts for one in five jobs in the state.

The underlying figures portend affordability problems for the Maine businesses and residents who pay for health insurance. They also portend problems for the state budget, which needs to fund a Medicaid program that covers 27 percent of the population and is sensitive to spikes in the cost of care.

Maine ranked fifth nationally in 2009 for per-capita spending on health care, according to the Kaiser Family Foundation. The Pine Tree State spent \$8,521 per person, 25 percent more than the national average of \$6,815.

And Maine's health care costs keep rising. According to the Centers for Medicare and Medicaid Services, costs in the state rose an average of 7.4 percent annually between 1991 and 2009, compared with 6.5 percent nationally.

Age, infrastructure and disease

The United States spends more than 2 1/2 times on health care what its industrialized peers in the Organization for Economic Cooperation and Development spend.

Within the U.S., Maine is surrounded by neighbors that spend similarly high amounts on health care. The six New England states rank in the top 13 for per-capita health care spending: Massachusetts is second; Connecticut, fourth; Rhode Island, eighth; New Hampshire, ninth; and Vermont, 13th.

In 2008, the 18-member Advisory Council on Health System Development sought to determine what was driving Maine's higher-than-average health care costs as part of its work on Maine's 2008 state health plan.

Age is one factor. Maine's population is [the oldest in the nation](#), and older populations require more health care. But the council discovered that age explains only about a third of the difference between health care spending in Maine and the national average.

Another contributor is an excess of infrastructure, though some of this is a result of Maine's rural nature. In 2005, Maine had 1.52 hospital-based MRI machines for every 100,000 people, compared with 0.96 nationally. Maine also had more free-standing MRIs — machines located outside of hospitals — than the national average: 2.02 for every 100,000 people, compared with 0.02.

In addition, Maine had more staffed hospital beds per capita than other New England states and a lower-than-average daily occupancy rate.

On top of infrastructure, a 2006 study by the Muskie School of Public Service at the University of Southern Maine found that emergency room use in the state was about 30 percent higher than the national average and that it varied significantly within the state. [According to a 2009 analysis of Maine's health care cost drivers](#), the reasons for about 75 percent of emergency room visits — such as colds and sore throats — could be addressed in cheaper settings, accounting for about \$115 million in excess spending.

Recipients of MaineCare, Maine's version of Medicaid, were more likely to seek emergency room treatment than those with private insurance and even those with no insurance, according to the analysis. And according to a [2010 Muskie School follow-up study of emergency room use](#), the top reason for someone age 15 to 44 with MaineCare or no insurance to seek emergency room care was dental disease. [MaineCare covers only emergency dental care for adults](#).

Headaches were the second most common reason for emergency room visits by MaineCare recipients age 25 to 44.

Perhaps the most significant factor explaining the continued growth in Maine's health care costs is the growth in chronic disease. Nearly 37 percent, or \$1.2 billion, of the increase in Maine's health spending between 1998 and 2005 was attributable to leading chronic illnesses such as cardiovascular disease, cancer, lung disease and diabetes.

Lowering costs

The Advisory Council on Health System Development's 2009 report on cost drivers in Maine's health care system recommended a multipronged approach to controlling costs.

The council — which included lawmakers from both parties, doctors and representatives from health insurers and providers — suggested continued support for public health policies such as seat belt requirements and high cigarette taxes. It also suggested greater efficiency through electronic medical records and health care provider payments that reward positive outcomes rather than more procedures.

The panel also suggested expanding Maine's [Certificate of Need program](#), which closely regulates health facility expansions, so facilities would have to secure state approval for a broader range of expansions and before replacing expensive equipment.

Policymakers have accepted some of those recommendations but moved in the opposite direction on others. The state's Medicaid program is [starting to implement reforms](#) to its payment system so providers are rewarded for positive outcomes — rather than the number of procedures — and for coordinating patient care with other medical professionals.

Maine recently [secured a \\$33 million federal grant](#) to pilot those changes, and Gov. Paul LePage is counting on those Medicaid reforms — along

with a focus on the [20 percent of MaineCare recipients](#) who account for 84 percent of the program's costs — to generate \$22 million in savings in the next two-year budget cycle.

Lawmakers have moved away from the advisory council recommendations on Certificate of Need. The Republican-controlled 125th Legislature in 2011 loosened many of the program's requirements. It allowed facilities to spend \$3.2 million on new medical equipment — up from \$1.6 million — before state approval is required. The spending threshold for facility improvements rose to \$10 million from \$3.1 million.

This year, another bill is pending that would [repeal the Certificate of Need laws](#) altogether, though majority Democrats have [already rejected it](#) at the committee level.

Planning a health system

The Advisory Council on Health System Development, which developed those recommendations for reining in Maine's health care costs — and was charged with developing and updating Maine's state health plan — was disbanded in 2011 by Public Law 90, a [Republican-backed health insurance overhaul bill](#). The council was first created in 2003 as part of Gov. John Baldacci's Dirigo Health reform initiative.

LD 230, the bill that sparked House floor debate on Wednesday, is effectively an attempt to put a similar body back in place, though the Department of Health and Human Services [says it's now carrying out](#) the advisory council's work.

Maine needs a central strategy for its health system, especially as a range of reforms take effect as a result of the federal Affordable Care Act, said Devore Culver, executive director of HealthInfoNet, Maine's designated electronic medical records warehouse, during a February hearing on the bill.

“While the Affordable Care Act propelled the health care reform conversation forward nationally, states must move forward on their own reform efforts and mold the conversation to fit their state's unique needs,” [he said](#).

Matthew Stone is a reporter in the BDN's State House bureau.

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