

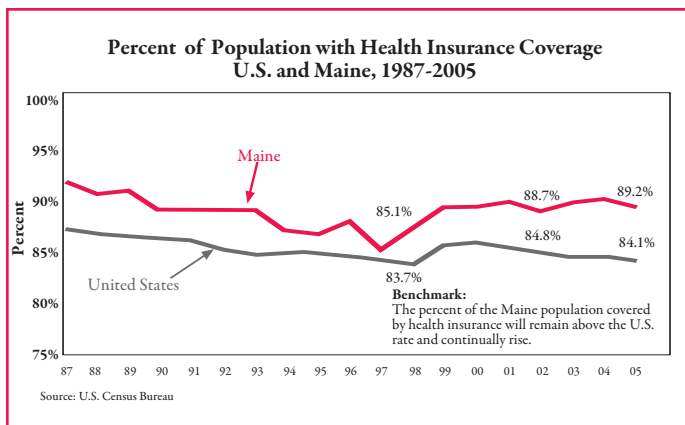
# MEASURES In Focus:

## The health care cost/access conundrum

The Measures of Growth report gives an annual look at indicators of Maine's economic health. This quarterly newsletter provides updates on key measures.

A few years ago, Anthem Blue Cross hosted a forum entitled: "Maine's health care cost-access conundrum." The ongoing struggle to offer quality health care to all Maine people and to keep the costs of both care and insurance in line so that businesses can compete continues, and has, in fact, escalated. Nowhere is that predicament more clearly depicted than in this year's Measures of Growth report.

In the Economy section, the Growth Council assigns the dreaded "red flag" to the Cost of Health Care indicator – warning policymakers and leaders that this business climate measure is way off the national track and in need of immediate attention. A mere seven indicators later, among Community measures, Health Insurance Coverage receives the "gold star" rating – highlighting our high national standing and a trend to be nurtured and sustained. Herein lies the problem!



Health care costs are taking their toll on business and organizational vitality and have, according to the most recent Pan Atlantic Omnibus Poll, emerged as the third most important issue facing

Maine's economy, after tax reform and jobs. As the chart illustrates, health care costs in Maine as a percent of GDP have separated from the US costs and are now a whopping 38% higher.

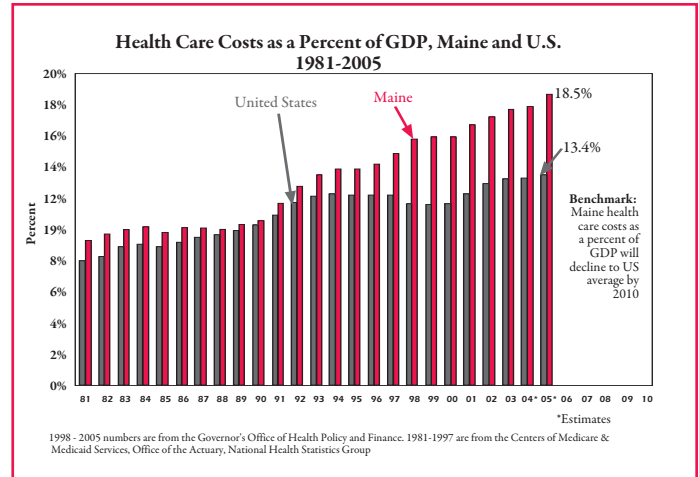
According to Dr. Wendy Wolf, president of the Maine Health Access Foundation, in her presentation to MDF's Legislative Policy Forum (see [www.mdf.org](http://www.mdf.org)), the most commonly held beliefs as to what is driving our health care costs include: excessive profits at drug and insurance companies; malpractice suits; fraud and waste; excessive earnings by doctors and hospitals; and administrative costs of insurance claims.

Instead, MeHAF found, the major factors driving Maine's health care costs are: inefficient, costly care for the uninsured; cost shifting due to uncompensated care and inadequate government reimbursement; a rural, older population; and poor health status (obesity, smoking, nutrition) and high rates of chronic disease.

As the second chart shows, 89% of Mainers have health insurance, 5 percentage points above the nation. What this chart masks is that an unusually large number of people are covered under publicly-funded insurance

(Medicare or Medicaid) because of our relatively older, poorer population. In addition, many individuals and small businesses are choosing high deductible policies (\$7,000-\$10,000) which provides only catastrophic coverage.

What do we know of the 11% of Mainers who are uninsured? An April 2007 Urban Institute report commis-



sioned by MeHAF, shows that 86% of Maine's uninsured come from a family with a worker and nearly half are low income. Many work in firms with fewer than 25 employees that cannot reasonably provide insurance to their workers. Young adults are the largest uninsured group, since Maine has done a good job of reaching children and the elderly.

The harsh reality is that those who are either uninsured or lack adequate insurance don't get care for serious health problems until it is potentially too late and extremely costly. The uninsured tend to skip recommended treatments, not fill prescriptions, and suffer a 43% higher risk of death than the insured.

Maine cannot attain the Growth Council's vision of a "High Quality of Life for All Maine Citizens" unless and until we are able to squarely resolve this conundrum and find a way to provide quality health care services and insurance at prices that both individuals and businesses can afford.