Access to Health Care: 
What is the Problem and What Can We do About It?

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What is the Problem?

People in Maine and around the country have traditionally relied on employer-provided or individually purchased health insurance to cover their major health expenses. The cost of health care has risen dramatically in recent years. As a consequence, the ability to afford health coverage has become a problem for more and more families at the same time that the need for insurance to cover the costs of health services is greater than ever.

Across the country, more than 40 million people have no health insurance coverage. In Maine, overall, the proportion without coverage may be as high as 14 percent - except among the elderly - most of whom have Medicare coverage. In some groups, the problem is much worse. Close to half of low and modest income Maine adults under age 25 are uninsured. And among those between the ages of 25 and 65, a third are uninsured.

Even families with health insurance policies can have trouble paying medical bills. To keep the premiums affordable, more and more employers and individual families are opting for health plans that require the policy holder to pay $5,000 or more a year, before the insurance coverage begins.

Why is the Issue Important?

There is substantial evidence that people without health insurance have worse health and get less optimal treatment than people with insurance. Faced with the prospect of large medical bills, many individuals delay seeing a medical professional until a problem has become serious and may require longer and more complex treatment than would have been needed earlier. Studies show that when uninsured individuals end up in the hospital with medical emergencies, they are less likely to receive expensive diagnostic tests or treatments that could speed their recovery, improve their quality of life after the illness, or even prove life-saving.

Further, when forced by ill health to seek help, families can find themselves with unmanageable bills. Half of all personal bankruptcies in the country are related to medical expenses.
Why is the Problem So Difficult to Fix?

The problem of eroding health insurance coverage is difficult to fix because so many different systems are involved that have to be addressed simultaneously. Unlike other countries, the systems for paying for health care in the United States have always been complex. The inclusion of health insurance as an employment benefit grew enormously during and after World War II, and employer-based coverage at one point provided security to as much as 80 percent of the non-retired population. Since the 1960s, the employer benefit system has been complemented with two major public programs ñ Medicare for persons over age 65, and Medicaid for low-income families and people with disabilities. Filling the gaps, the private insurance industry sells individual coverage policies available to self-employed persons and others without ready access to group coverage.

With health care costs rising at the current rate, no one of these systems can fix the problem alone. Employers and unions that negotiate health benefits contracts confront escalating premiums and see few short term options other than reducing benefits andor increasing the employee share of costs. The public programs, too, face looming deficits and difficult choices: reduced eligibility, reduced benefits, reduced provider payments, or increased taxes to support costs.

Ultimately, we need a way to rationalize not just health care payments, but the health system infrastructure. And we need to come to a consensus on how much health care is enough and what kinds of health services should be emphasized. With so many stakeholders trying to manage little pieces of the system these larger issues are difficult to address.

To expand some form of health insurance coverage to all Maine citizens and keep health care affordable a reformed health system would need to address:

* System capacity. How can we assure that we have enough doctors, nurses, emergency care capacity and other critical services in all areas of the state and, at the same time, we are not paying for diagnostic equipment, hospital beds or other services above the levels that we need in some regions?

* Resources for health prevention. Right now, health care resources, training and dollars all emphasize the treatment of acute illness and injury. Increased resources for health maintenance activities such as nutrition counseling, smoking cessation and prevention education, and support for physical exercise could reduce expensive health care costs down the line.

* Health system funding. With such a large portion of the population unable to afford health insurance, the question arises about what is the fairest and most feasible way to pay for health insurance for everybody? In addition, as time goes on, the proportion of elderly people increases, and new health treatment technologies become available, cost pressures will continue to mount. As a community, we will need a way to revisit periodically the question of how much of our resources we want to dedicate to health care services.

What are Some Possible Solutions Under Consideration?

Policymakers both in Maine and at the national level are working on incremental reforms intended to expand access to health care. The most visible examples of these efforts are the State Children’s Health
Insurance Program (SCHIP) and expansions of Medicaid coverage. The federally enacted SCHIP program authorized states to develop insurance coverage programs for children in families with low to moderate incomes. The costs are shared between the federal government and state government. Every state in the nation, including Maine, has taken advantage of this new opportunity. Maine’s program, initially called CubCare, is now part of a range of State-sponsored and funded initiatives which all come under the heading of the Maine Care Program. Congress and federal administrative agencies have also broadened substantially the definitions of persons eligible for coverage under the Medicaid Program. Maine’s legislature and Department of Human Services have aggressively pursued these options, opening the door to Medicaid coverage in recent years to the parents of children eligible for Medicaid or SCHIP and - this year - to low-income working adults in households without children and expanding state assistance for the cost of prescription medications for low-income persons and individuals with chronic illnesses.

The legislative leadership in Maine also worked over the last legislative session to develop programs to improve opportunities for employers, particularly small businesses, to find health insurance options for their businesses. One initiative, sponsored by Speaker Saxl and enacted by the legislature is currently under development. This program will create a Maine Small Business Health Coverage Plan operated by a publicly appointed Board of Directors. The Board will determine the level of benefit coverage, the reimbursement rates for providers, and will contract with qualified bidders to act as administrator for the program. The Board will also set premium levels using a sliding fee scale to determine maximum employee contribution based on income. The State will coordinate with the program to the extent allowed by federal regulation to use federal and state Maine Care dollars to support the enrollment of individuals into the Small Business Program who are eligible for both programs.

Senate President Bennett sponsored an initiative enacted by the legislature that will create a Maine Consumer Choice Health Plan. A new independent state agency governed by a publicly appointed Board will create a public purchasing pool for health coverage. The Plan will negotiate and contract with a number of competing carriers to offer a variety of health insurance products at a range of prices. Participating employers will provide a fixed contribution to employees toward health coverage and employees, choosing from among the options available through the pool, will pay the difference.

In addition to these incremental strategies, Maine is providing leadership among states in assessing a strategy for developing a unified insurance program that will provide health coverage for everyone in the State. A legislatively sponsored task force called the Health Security Board is currently studying the possible design, costs, and means of funding a single payer system - where everyone is enrolled in one publicly sponsored health insurance program. Such a program would probably operate very much like the Medicare program does for the elderly. Individuals would select their own providers who would bill the insurance program for the cost of services. The level of benefits and provider reimbursement rates would be determined by the legislature or its designees. Program sponsorship and decision-making would be at the state level rather than at the federal level. The state would probably contract the management of claims processing and other administrative functions to third party administrators, probably insurance companies.

A unified and universal health care program might provide the best mechanism for addressing the problems plaguing the system outlined earlier. Resource planning and allocation would be easier, administration could become less complex, providers would be relieved of bad debt burdens, and most importantly, individuals and families would no longer face the risk of major financial hardship associated with illness or injury.
Nevertheless, an effort to implement a universal unified health program would be complex and controversial. One of the biggest implementation hurdles is the question of how to fund such a program. Options under consideration in Maine and elsewhere include: payroll taxes that would substitute for the current insurance premiums paid by employers and employees; funds from the tobacco settlement; other targeted sales taxes on items like alcoholic beverages and cigarettes; and assessments based on income on self-employed individuals and others who aren’t part of a payroll system.

Probably the second greatest hurdle to significant reform of the health care system is fear of the unknown and worry about malfunctions in the system, particularly during the period of transition. Perhaps the ideal is to develop the blueprint for a rationalized system that provides coverage to everyone, and then to implement incremental access initiatives that move the state toward the goal of universality. The Maine Care initiatives and innovations from the Maine legislature perhaps can become the first steps in just such a strategy.

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