

We the people of Maine...

THE MAINE HERITAGE POLICY CENTER

Senator Brakey, Representative Hymanson, and distinguished members of the Joint Standing Committee on Health and Human Services, my name is Jacob Posik and I serve as policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to testify in opposition to LD 386, a reckless attempt to implement universal health care in Maine.

This bill, a draft concept, is set to cherry-pick language from two failed experiments with single-payer, universal health care systems in Colorado and Vermont. In 2011, the Vermont Legislature enacted a law establishing universal healthcare in The Green Mountain State. The law required the state to submit a financial plan backing the proposal by 2013, however the state failed to meet its deadline. The plan was eventually scrapped once state officials, including longtime single-payer advocate and Democratic Gov. Peter Shumlin, realized the full price tag of the proposal.

Colorado voters, who have supported Democratic candidates in the last three presidential elections, rejected a similar scheme at the ballot box in 2016 – 79 percent of Coloradans opposed the measure.

Vermont's single-payer system collapsed on itself because the state had no way of funding the proposal. The Boston Globe reported the plan "would nearly double the size of the state's budget in the first year alone and require large tax increases for residents and businesses."¹ The estimated cost of implementation was \$4.6 billion in 2017 and would have forced Vermont taxpayers to pick up a \$2.6 billion tab. It would have also required an 11.5 percent payroll tax increase and an income tax hike of up to 9.5 percent.² Even with these taxes in place, the system would have started running a deficit in excess of \$100 million by 2021.

Colorado's failed ballot initiative proposed 6.67 and 3.33 percent payroll tax hikes on employers and employees, respectively, and assessed a 10 percent tax on nonwage earnings, self-employment and social security benefits.

Payroll tax increases of this magnitude would cripple Maine's small business economy and put taxpayers on the hook for hundreds of millions of dollars in future unfunded mandates. There is no viable mechanism for Maine to fund a proposal that even partially resembles either of these failed, unworkable models.

Rather than government-mandated health care systems that balloon state budgets and burden business owners and taxpayers, Maine should look to develop and expand free-market solutions that reduce costs and provide higher quality care. The direct primary care (DPC) model, which

¹ <https://www.bostonglobe.com/business/2015/01/25/costs-derail-vermont-single-payer-health-plan/VTAEZFGpWvTen0QFahW0pO/story.html>

² <https://www.vox.com/policy-and-politics/2017/9/14/16296132/colorado-single-payer-ballot-initiative-failure>

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reduces costs by abandoning the third-party fee-for-service insurance system, offers patients affordable care and greater access to their primary care physician. DPC patients pay a flat monthly fee for coverage of all primary care services and receive medications and vaccines at wholesale costs. The model is proven to reduce preventable hospitalizations by providing quality preventative care and chronic illness management services. These services best fit the health care needs of Maine, a state where 41.5 percent of state health care expenditures go to hospital care.³ Any funds spent to increase access to health care services in Maine should go toward the development of Maine's direct primary care industry.

While we will always oppose attempts to implement economically devastating universal health care systems in Maine, it would also be, at the very least, irresponsible for the committee to move forward with LD 386 before the Task Force to Provide Health Care Coverage to All Mainers concludes it work. For these reasons, we strongly urge the committee to oppose LD 386.

³ <http://legislature.maine.gov/uploads/originals/healthcarecoverageaddtlmtgmtrlsjan22.pdf>