

## TESTIMONY ON LD 1070

Senator Ingwersen, Representative Meyer and members of the Health and Human Services Committee. My name is Tom Sterne. I am a retired primary care physician and health economist, and I live in Bridgton. I am a member of Maine AllCare, an organization advocating for publicly funded health care for all Maine residents.

I am here to testify neither in support nor against the passage of LD 1070.

Ours is an expensive country and state when it comes to covering healthcare costs, almost double than in most of the other industrialized nations. This is NOT because we utilize more services per person- in that regard, we do not differ significantly from other countries. It is because of our much higher prices per service rendered. A major factor is the administrative waste and overhead that derive from the multifaceted complexity of our insurance system here. The United States in 2023 spent over \$1,000 per person on administrative costs- almost five times more than the average of other wealthy nations! Commercial insurance administrative overhead varies between 15-30% of total receipts. Medicare by comparison is between 3 and 5%; MaineCare (Medicaid) 3.9%. These numbers do not even include the billing costs to providers.

Any Medicaid expansion plan- in fact, any reform plan aiming towards more universal coverage, would have to address this issue in order to make costs affordable by transferring wasted monies into quality services. It is unclear how this model could do so.

At present, Medicaid is the poorest payor of all. In order to be acceptable to the provider community, it would need to raise reimbursement rates to be acceptable, and to have additional funding for its expanded operational needs. If it were to be simply an additional option in a world of multiple other commercial options, it would have difficulty achieving overall operational efficiency by reducing administrative wastes in the insurance world. This is part of why the recent study commissioned by this legislature and accomplished by the Office of Affordable Health Care described the challenges that a "public option," which is basically what an expanded Medicaid program is, would face.

As an advocate for fully universal and publicly funded healthcare coverage, it is difficult for me to criticize any effort to move toward this goal, and to question the value of a new analysis toward such a goal. LD 1269 will be presented to the Joint Standing Committee on Health Coverage, Insurance and Financial Services, requesting that the OAHC perform a similar analysis of a plan that is closer to both universal and single payer coverage.

Still, any effort by any committee to move toward a better understanding of the costs and benefits of a dramatic and more sane approach to our healthcare crisis is worthy of consideration, and represents a very small price to pay to gain this knowledge.

Thank you for your time.

Thomas Sterne, M. Sc. MD