



**Testimony in Support of
LD 120, An Act To Lower Health Care Costs through the
Establishment of the Office of Affordable Health Care**

**Presented by Kimberly Cook
April 13, 2021**

As Maine's only nonprofit CO-OP health insurance company, we exist for the benefit of our members and our mission which is to provide affordable, high quality benefits that promote health and wellbeing. We see the goals of this bill as fully aligned with our goals and mission. We applaud Senator Jackson, Speaker Fecteau and all of the cosponsors for their focus on ensuring cost-efficient, high-quality health care in our state and we urge the Committee to support it.

As often noted, the cost of health insurance premiums reflects the underlying cost of health care. When health care costs go up, the cost of health coverage, in turn, goes up. This is true for all types of health coverage, whether fully insured plans, self-funded plans, or government funded coverage. The State budget sees the impacts of the underlying cost of health care through the amount dedicated in the Biennial Budget to covering the health care claims through the State Employee Health Plan as well as in the state's share of paying for the MaineCare program. Consumers see the cost of health care reflected in their premiums and the out-of-pocket costs they are bearing, such as deductibles, co-pays and co-insurance.

According to the Centers for Medicare & Medicaid Services (CMS), health care spending increased by 4.6% in 2019 alone and accounted for nearly 18% of the United States Gross Domestic Product (GDP).¹ By comparison, according to the U.S. Bureau of Labor Statistics, the Consumer Price Index increased by only 2.3% for the same period. Leading among health care cost drivers in 2019 were a 6.2% cost increase in hospital care and a 5.7% cost increase in retail prescription drugs.²

This bill would establish a nonpartisan, independent Office of Affordable Health Care within the Legislature to analyze data and make recommendations to improve the cost-efficient provision of high-quality care. It also establishes a well-balanced Advisory Council to provide advice to the Office on matters impacting the cost of health care. The strength of the proposed structure is that it ensures an independent, professional, nonpartisan, and well-rounded approach to these complex issues. We believe the Legislature will be in a much stronger position to make sound policy decisions with respect to health care and health coverage as a result.

¹ <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical>

² <https://www.cms.gov/files/document/highlights.pdf>



This bill holds the promise of moving Maine toward achieving the Institute for Healthcare Improvement's (IHI) Triple Aim.³ The Triple Aim is a framework for optimizing health system performance. The IHI believes that health care delivery systems must be designed to simultaneously pursue three components, called the "Triple Aim":

- Improving the patient experience of care (including quality and satisfaction);
- Improving the health of populations; and
- Reducing the per capita cost of health care.

We urge the Committee to support LD 120 and the funding necessary to ensure its effectiveness. Thank you for the opportunity to present our testimony and I would be happy to answer any questions.

³ <http://www.ihl.org/Engage/Initiatives/TripleAim/Pages/default.aspx>