

Health Access Small Business Edition

National Award Recipient

Consumer Advocate of the Year!

Joseph P. Ditré, Executive Director of Consumers for Affordable Health Care Foundation and member of the Health Action Team, was recognized as one of the three most outstanding consumer health advocates in the country by Families USA at their January Health Action Conference in Washington, DC.



Families USA is one of the nation's leading organizations on health care reform. Go to its web site at www.familiesusa.org for the latest news on national health care issues.

Consumers for Affordable Health Care Foundation is a non-profit organization located in Augusta, Maine and is committed to helping all Maine people obtain affordable, quality health care.

To find out more about **Consumers for Affordable Health Care Foundation**, and for the latest news on health care issues in Maine, visit us on the web at www.maine cahc.org.




Consumers for
Affordable
Health Care Foundation
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Business Edition

Fall 2003

Dirigo Health Program: Lower Costs, Better Coverage for Small Businesses


The Dirigo Health Program: *Why do we need it?*

 Dirigo Health provides Maine small businesses and the self-employed with a great opportunity to get good health coverage at an affordable rate. Today, you and your employees are out of luck if your business can't afford the premiums for private insurance. Dirigo Health combines federal and participant dollars to lower overall costs of coverage to the employer. Moreover, it provides subsidies to your employees to help them buy coverage.


Voluntary Program, Lower Costs and Better Coverage

Dirigo Health is a **voluntary** program that will offer comprehensive health benefits to individuals, the self-employed and small businesses in Maine. Private insurance companies will still offer small group plans. Dirigo Health will provide comprehensive coverage (*see chart on back page*) with low cost-sharing.

Who Is Eligible for Dirigo Health?

 Small businesses, the self-employed and qualifying individuals will be eligible for Dirigo Health coverage. Dirigo Health was designed with small businesses (2-50 employees) in mind. Small business owners told the Maine Legislature they wanted good coverage at an affordable rate for their employees – not “junk” plans with \$5,000 or \$10,000 deductibles. So the Legislature enacted the Governor's Dirigo Health program. (***Dirigo Health will begin operations no later than October 2004.***)

What Is It Going to Cost?

 Dirigo Health cost *estimates* appear inside. The final cost will be decided early in 2004 by the appointed Board of Dirigo Health. Participating employers will be asked to contribute toward the cost of coverage for their enrolled employees and their dependents. The employer percentage will be decided by the Board, but the maximum requirement *will not exceed* 60%. At present, many employers cover 100% of the employee's share and something less than 100% for the employee's dependents. Dirigo Health significantly lowers the participating employer's 100% contribution rate and applies that lower rate to both the employee and his or her dependents.

What Services Are Covered?

(see chart on back page)



Dirigo Health will provide comprehensive benefits to those who enroll. Unlike private health insurance that limits benefits and shifts a growing share of costs onto the consumer, Dirigo Health will include comprehensive benefits, disease management, quality improvements, public health measures, very low deductibles, and will incorporate important cost controls. That's much more for your money!

Subsidies to Employees Are Good News for Employers

(see charts on following page)



While employers get lower rates because of federal support for the program, employees earning lower incomes will get subsidies to help them afford their share. That's good news for employers because bringing more payers into the pool will help to lower the overall cost for everyone.

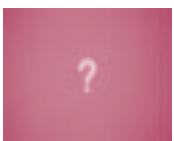
Funding for Dirigo Health



The first year of operations for Dirigo Health will be funded with contributions from enrolled individuals, small businesses, and about \$53 million in federal fiscal relief money. After the

first year of operation, contributions from enrollees will continue, with the addition of federal matching dollars for those employees who would otherwise qualify for MaineCare. Further funding in the second year will come from savings offset payments. The savings offset payments will come from insurers and third party administrators and will reflect the savings private insurers will see as a result of reduced free care and bad debt costs for the uninsured (which are now built into their rates).

What Are Bad Debt and Free Care?



Right now, all insured people are paying for the cost of bad debt and free care in their premiums. Often times when uninsured people in Maine get sick or have medical emergencies, the only place to get help is through hospital emergency rooms. If their income qualifies, then they receive free care, and if they don't qualify for free care (or don't realize they can ask for it), they often fall into serious debt. Hospitals inflate their rates to cover these costs, and private insurance rates reflect those increased costs.

Bad Debt, Free Care and Dirigo Health



Millions of dollars can be saved in the first year alone by allowing Mainers who would traditionally fall under free care programs or incur bad debt to contribute to the Dirigo Health pool and pay something toward the cost of their care. These newly insured individuals would gain access to primary and preventative care rather than relying on costly emergency room care that can come too late, that often offers no reimbursement to providers, and that ends up being "shifted" onto the insured. By providing people with affordable primary and preventative care for which they contribute something, hospitals, insurance carriers, insured consumers, and Dirigo Health will all save money.

Small Business and Dirigo Health



A few things that Dirigo Health specifically brings to small businesses are an incredibly valuable product at an affordable price, a rate review process, and increased choice and competition in the small group market. Small businesses are *not* required to participate in Dirigo Health. Private insurance companies will still offer small group plans, so if a small business doesn't like the plan, it doesn't have to purchase it. No small businesses will be adversely affected by the introduction of the Dirigo Health Program, but many will benefit.

Want to stay informed?

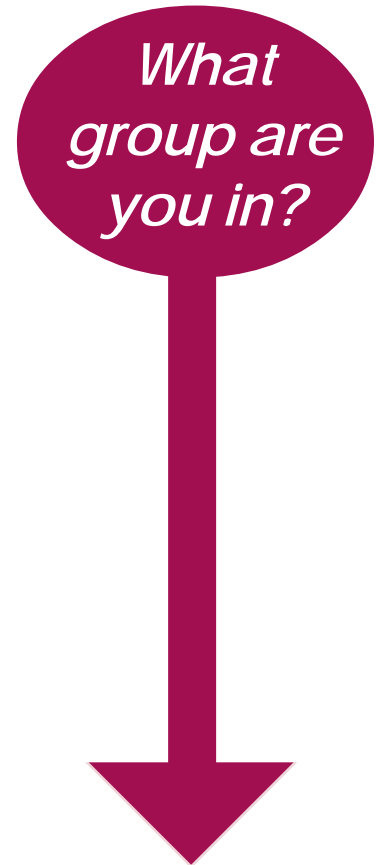
To make sure you continue to receive updates on **Dirigo Health**, please contact Consumers for Affordable Health Care at 1-800-838-0388, or send an email to jderrico@mainecahc.org.

Remember to include your name, business (if applicable), mailing address and telephone number.

For Employers <i>Monthly Charge</i>		
	<i>Cost at maximum 60% employer contribution</i>	<i>Estimated total cost</i>
<i>Single Employee</i>	\$180	\$300
<i>Employee & Child</i>	\$291	\$485
<i>Employee & Spouse</i>	\$342	\$570
<i>Family of Four</i>	\$477	\$795

The following are **estimates**. If you would like to receive updates when the official numbers are released, **please call us at 1-800-838-0388 or email jderrico@mainecahc.org**.
By contacting us, you can make sure that your name stays on the list to receive newsletters and updates.

For Employees <i>Monthly Charge</i> <i>(based on 60% maximum required employer contribution)</i>				
	Group 1 <i>(see income chart)</i>	Group 2 <i>(see income chart)</i>	Group 3 <i>(see income chart)</i>	Group 4 <i>(see income chart)</i>
<i>Single Employee</i>	\$120	\$96	\$24	Free or Low-Cost
<i>Employee & Child</i>	\$194	\$155	\$39	Free or Low-Cost
<i>Employee & Spouse</i>	\$228	\$182	\$46	Free or Low-Cost
<i>Family of Four</i>	\$318	\$254	\$64	Free or Low-Cost



For the Self-Employed <i>Monthly Charge</i>				
	Group 1 <i>(see income chart)</i>	Group 2 <i>(see income chart)</i>	Group 3 <i>(see income chart)</i>	Group 4 <i>(see income chart)</i>
<i>Single Employee</i>	\$300	\$276	\$204	Free or Low-Cost
<i>Employee & Child</i>	\$485	\$446	\$330	Free or Low-Cost
<i>Employee & Spouse</i>	\$570	\$524	\$388	Free or Low-Cost
<i>Family of Four</i>	\$795	\$731	\$541	Free or Low-Cost

Income Groups

(Based on **Monthly** Income Level)

Household Size	Group 1	Group 2	Group 3	Group 4
1	\$2,245 or more	Between \$2,244 - \$1,871	Between \$1,870 - \$1,498	\$1,497 or less
2	\$3,030 or more	Between \$3,029 - \$2,525	Between \$2,524 - \$2,021	\$2,020 or less
3	\$3,815 or more	Between \$3,814 - \$3,130	Between \$3,129 - \$2,545	\$2,544 or less
4	\$4,600 or more	Between \$4,599 - \$3,770	Between \$3,769 - \$3,068	\$3,067 or less

Projected Benefits Package	
Out-of-Pocket Maximums	
Individual	\$1250
Family	\$2500
Deductibles	Calculated to achieve target premium (approximately \$250 to \$500)
Lifetime maximum	none
Hospital inpatient	\$50 per day; \$300 maximum per admission
Hospital outpatient/ diagnostic, x-ray, lab	20% coinsurance
Primary care provider visits	\$10 copayment
Specialty provider visits	\$20 copayment
Emergency department	\$20 copayment; \$20 copayment waived if admitted
Prescription Drugs	
Copay-generic	\$10
Copay-brand/ preferred	\$20
Copay-brand/ nonpreferred	\$35
Skilled nursing	\$25 copayment per day; \$150 maximum per admission
Home health care	\$10 copayment
Durable medical equipment	20% coinsurance
Excluded benefits	Dental, cosmetic, infertility/ sex change, routine foot care, custodial care, eyeglasses/ lenses, vision correction surgery (LASIK)

Health Access Small Business Edition

Update - Small Business Health Care Coverage in Maine

What Does the **Dirigo Health Program** Mean for You?

Projected Costs and Benefits of Dirigo Health

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