

# Health Access: Small

# Business Edition



Consumers for  
AFFORDABLE  
Health Care  
FOUNDATION

Advocating the right to health  
care for every man, woman and child.

Spring 2004

**Dirigo Health Now!** is a broad-based alliance of businesses, organizations and professional associations that recognizes we must work together to ensure that this important initiative will work for Maine. We are committed to the principles that:

- *Everyone should have access to high quality care that is cost efficient and medically effective;*
- *Everyone, including the uninsured and the underinsured, should have access to an affordable health plan with comprehensive benefits;*
- *Small business owners should have budget predictability from year-to-year when offering health care coverage to their employees and their families, including their own families; and*
- *Everyone, including employers, consumers, insurers, health care providers and state, local and federal governments should participate in the creation of an affordable, efficient, inclusive and accessible health care system.*

If you would like to join *Dirigo Health Now!*, contact Jaime D'Errico at 1-800-838-0388 or [jderrico@mainecahc.org](mailto:jderrico@mainecahc.org) to request a sign-up form.

## UPDATE Dirigo Health Is On The Way!

Dirigo Health is a public/private partnership that will provide Maine small businesses, the self-employed and individuals with improved *access* to good health insurance at a more affordable *cost*. Dirigo Health will combine employer and employee premiums with federal funds and savings in hospital and physician costs to lower the overall cost of coverage. Moreover, it will provide subsidies to many employees to help them pay their premiums. Unlike many programs, it will also encourage improvements in the *quality* of health care through the work of the Maine Quality Forum, an organization that will evaluate and compare health care quality and provider performance.

*Am I  
Eligible for  
Coverage?*

Small businesses (two to 50 employees), the self-employed and individuals will be eligible for coverage under Dirigo Health. Under current insurance law, 75% of eligible employees who do not have other coverage must participate for small businesses to qualify for coverage. An eligible employee is one who works at least 20 hours per week.

*Will I Be  
Required to  
Participate?*

Participation in Dirigo Health will be voluntary. Maine people are free to maintain their current policies. Dirigo Health simply gives them another option. In fact, the product was carefully designed to be competitive in today's health insurance market and may help to stabilize or reduce the premiums charged for other health insurance products.



*Look inside for up-to-date  
information on projected benefits,  
costs and subsidies for Dirigo Health...*



## What Services Will Dirigo Health Cover?

Dirigo Health will offer a comprehensive package of benefits, including prescription drugs. Because it emphasizes wellness, Dirigo Health will also cover preventive care, including well baby care, immunizations, routine physicals, blood tests, Pap tests and mammograms, completely – there will be no out-of-pocket cost for the individual. In addition, the Healthy ME Rewards Program will pay \$100 to enrollees who complete a health needs questionnaire and then meet some goals (e.g., lose weight, participate in a smoking cessation program, lower blood pressure) within one year. Fitness club discounts will also be available.

Dirigo Health will cover primary care office visits after a \$15 co-payment and specialty care office visits after a \$25 co-payment. In addition, prescription drugs will be covered after co-payments of \$10/\$25/\$40 for generic drugs, preferred brand-name drugs and non-preferred brand-name drugs. Finally, Dirigo Health will cover diagnostic tests, hospitalization and surgery after payment of the deductible and 20% co-insurance.

## What Will Dirigo Health Cost?

The Dirigo Health Board of Directors is currently considering two options for coverage: the first has a \$1,250 deductible; and the second has a \$1,750 deductible. Out-of-pocket maximums would vary depending on household income. The *projected* full-cost monthly premium for an employee under Option 1 would be \$282; and the *projected* full-cost monthly premium for an employee under Option 2 would be \$260. Premiums would be higher for employees who wished to cover spouses, domestic partners or children.

Employers who decide to participate will be required to pay 60% of the premium for the employee only, i.e. \$169 under Option 1 or \$156 under Option 2. However, employers will only be required to pay a pro-rated portion of the monthly premium for each employee who works at least 20 but not 30 hours per week. Employers who have traditionally paid more than 60% of their employees' premiums may continue to do so if they choose. Alternatively, employers may establish medical reimbursement accounts to allow employees to pay out-of-pocket expenses with pre-tax dollars. While employers are not required to contribute toward the cost of covering dependents, they may do so if they choose. In addition to premiums, small businesses will be asked to pay a program fee of \$150 to \$350 per year based on the number of employees.

## How Will Subsidies Work?

Individuals and families with incomes below 300% of the federal eligibility level will receive discounts that reduce both their monthly premiums and annual out-of-pocket costs. Depending on income, monthly premiums will range from \$0 to the full \$113 (40%) for employees under Option 1. Likewise, the annual deductible will range from \$0 to the full \$1,250, and the annual out-of-pocket maximum will range from \$0 to the full \$4,000.

For example, John works for an employer that offers coverage under Option 1 of Dirigo Health. He is single and has an annual income of \$14,500. The *projected* monthly premium for John to enroll is \$282. His employer will be responsible for paying \$169 (60%) of the monthly premium, and he will be responsible for paying \$113 (40%) of the monthly premium. However, because John is eligible for a subsidy due to his income level, Dirigo Health will reimburse him \$50 every month, meaning he pays only \$63. Based on his income, he will have a deductible of \$500 and an out-of-pocket maximum of \$1,600.



## Covering Kids and Families Campaign Works with Businesses

**M**any small businesses are unaware of the availability of MaineCare, once referred to as Medicaid and Cub Care, which offers free and low-cost health care coverage to some eligible adults, parents and their children, *even if the adult is working*. MaineCare offers broad coverage for most health care services, including well and sick visits to a doctor, specialist care, immunizations, hospital and emergency room care, eye exams and glasses for children, therapies, substance abuse and mental health services, dental care, family planning and more.

Lisa Webber, Maine's Covering Kids and Families Program Coordinator, urges anyone who is uninsured to apply for MaineCare. "Every day, I talk to people who are eligible but don't know it. Sometimes people

can make certain deductions from their incomes, such as work allowances or child care expenses, to become eligible. Completing the one-page application is easy. While working with small and medium-sized businesses, I have discovered that employers are delighted to have another option to offer their employees."

Webber extends an invitation to small business owners to attend a free MaineCare workshop to learn how to best assist employees who may need coverage for themselves and/or their families. After attending her workshop, some employers have incorporated applications in their employee orientation information.

The Maine Covering Kids and Families Campaign is primarily supported by the Robert Wood Johnson

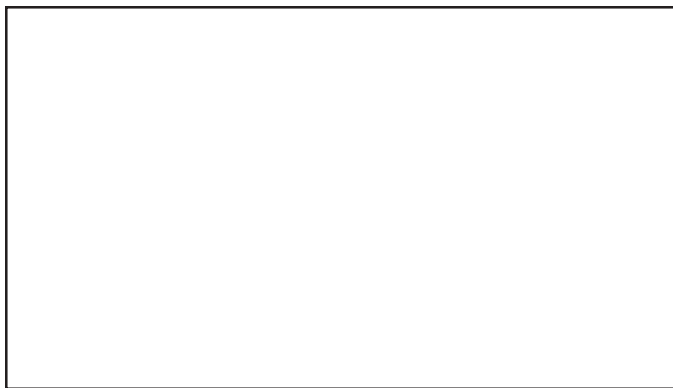
Foundation and is a collaboration of the Maine Primary Care Association, Maine Equal Justice and Consumers for Affordable Health Care. It brings together leaders in health, education, businesses, government, faith and social service organizations to educate working families about low-cost and free health care coverage.



*Lisa Webber, Maine's Covering Kids and Families Program Coordinator, with her family*

To learn more about MaineCare and to receive a training schedule, call toll-free 1-800-965-7476.

Consumers for Affordable Health Care Foundation thanks the following businesses whose contributions helped to support the production of the Spring 2004 issue of Health Access: Small Business Edition.



If your business is interested in supporting the production of the Summer 2004 issue, please contact Bonnie Buckmore at 1-800-838-0388 or [bbuckmore@mainecahc.org](mailto:bbuckmore@mainecahc.org).

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UPDATE: Dirigo Health Is on the Way!

Covering Kids and Families Campaign Works with Businesses

What Is *Dirigo Health* Now! ?



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