

A scenic landscape at sunset. The foreground is a rocky, uneven terrain with patches of low-lying vegetation. In the middle ground, there's a body of water with several small islands or peninsulas. The sun is low on the horizon, creating a strong lens flare effect that dominates the right side of the image. Two small figures of people are visible on the left, standing on the rocks and looking out over the water.

# Office of Affordable Health Care

HC4ME Conference - October 7, 2025



# About the Office

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The Office of Affordable Health Care (OAHC) was authorized in PL 2021 Ch. 518, codified at 5 MRSA Part 8, Ch. 310-A.

- The office is an independent executive agency
- The OAHC establishing legislation directs the office to:
  - Analyze health care cost growth and spending trends, including correlation to quality and consumer experience.
  - Develop proposals to improve:
    - the cost-efficient provision of high-quality health care;
    - coordination, efficiency, and quality of the health care system;
    - consumer experience with the health care system;
    - and health care affordability and coverage for individuals and small businesses.
  - Monitor the adoption of Alternative Payment Models in Maine and across the country.
  - Provide staffing support to the Maine Prescription Drug Affordability Board.
- The office meets bi-monthly with the 13-member Advisory Council on Affordable Health Care, meetings are posted at [maine.gov/oahc](https://maine.gov/oahc)

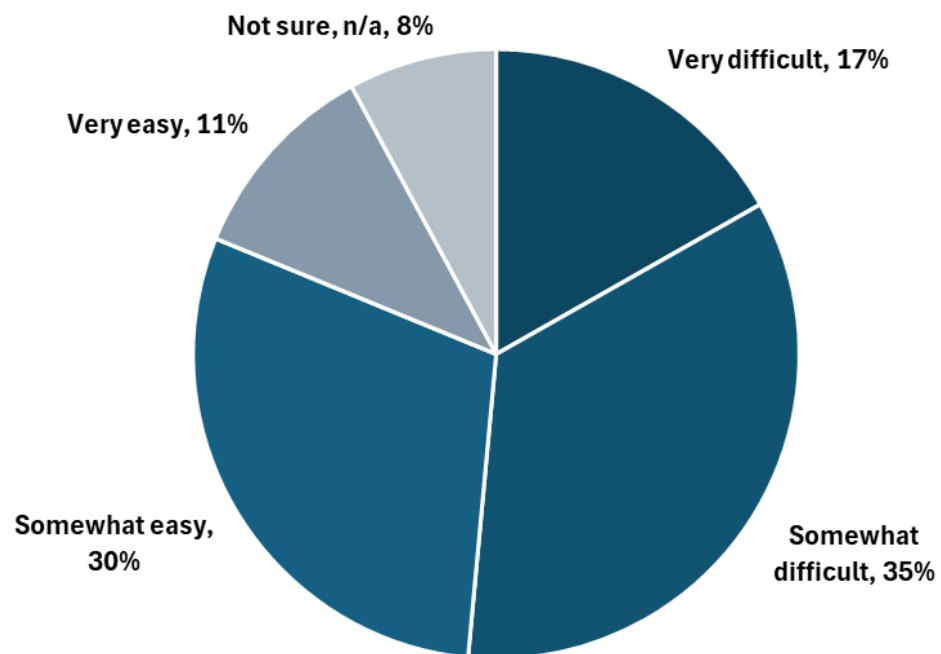
# Guiding Principles

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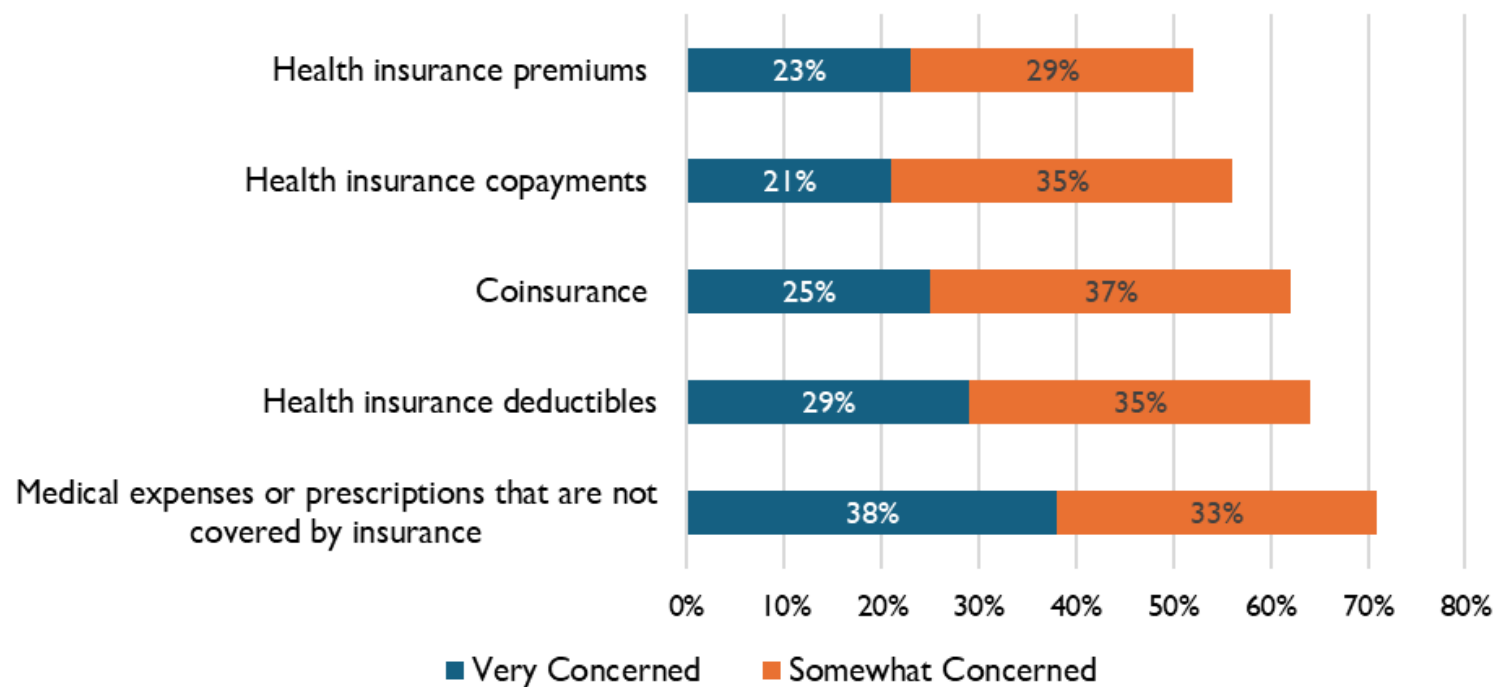
- **Focus on the “big picture”**
  - Prioritize opportunities with the most significant opportunity for meaningful long-term impact
  - Recognize the complexity of interdependent systems and actors in health care
- **Define affordability from a consumer perspective**
  - Focus on cost control policies that provide relief for end-payers (individuals and families, businesses, government), with a particular emphasis on consumer cost burden that may result in delayed or deferred care
  - Avoid policies that simply shift costs, unless cost-shifting is undertaken intentionally to promote better outcomes
- **Deliver results**
  - Take into account whether proposals are achievable, and other implementation considerations
  - Recognize that continuing the status quo is not sustainable

# Mainers are struggling to afford health care

**Difficulty Affording Health Care**



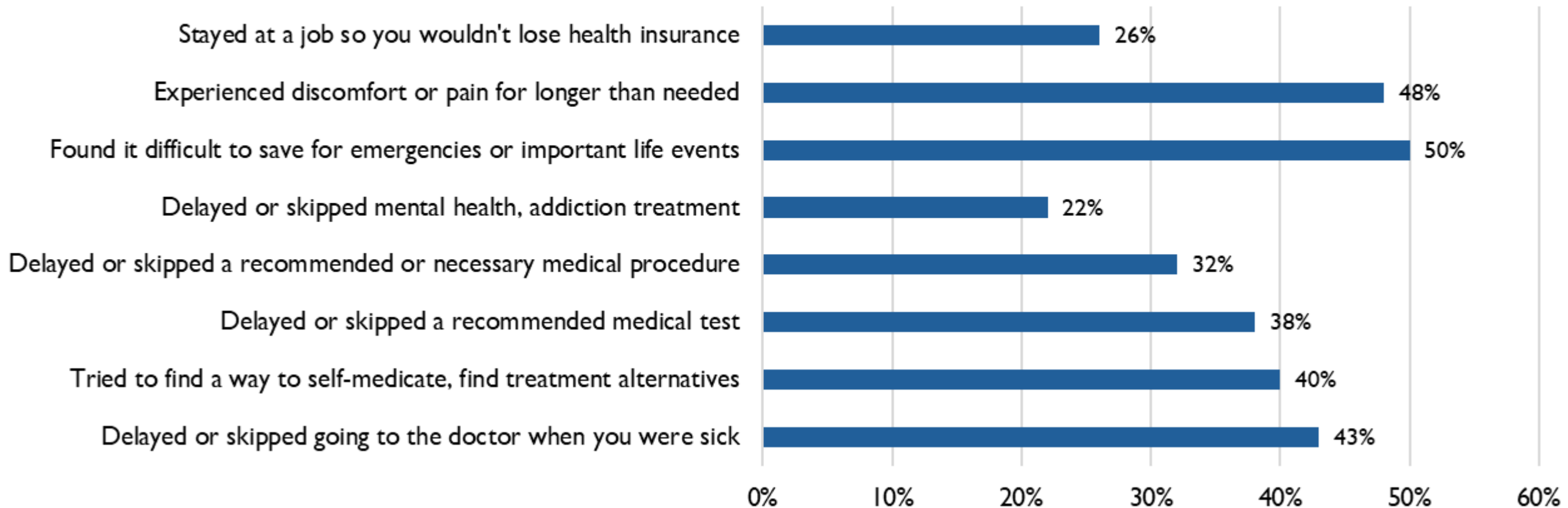
**Concern about ability to afford medical costs**



# Mainers are experiencing reduced access to health care due to concerns about costs

## Actions Taken Due to Medical Costs

(Percentage who have taken actions due to concerns about costs)







# Analyzing Health Care Cost Burden and Drivers of Increases

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# OAHC Analysis Planning

Complete

In Progress

Not Yet Started

## OAHC Claims Dashboards

### Health Expenditures Dashboards

Hospital  
Payment and  
Utilization  
Dashboards

Professional  
Services  
Payment and  
Utilization

Facility Level  
Payment and  
Utilization

Cost Driver  
Deep-Dives

## MHDO and MQF Reporting

Drug Spending Dashboards

Primary Care Spending Report

Behavioral Health Care Spending  
Report

Hospital Quality Data

Hospital Financial Data

Health Care Payments in Maine V 2.0

CompareMaine: Payment and Quality  
Data

## OAHC Non-claims Analyses

Household Spending on  
Health Care

Access and Equity  
Dashboards

Clinical Quality Metric  
Dashboards

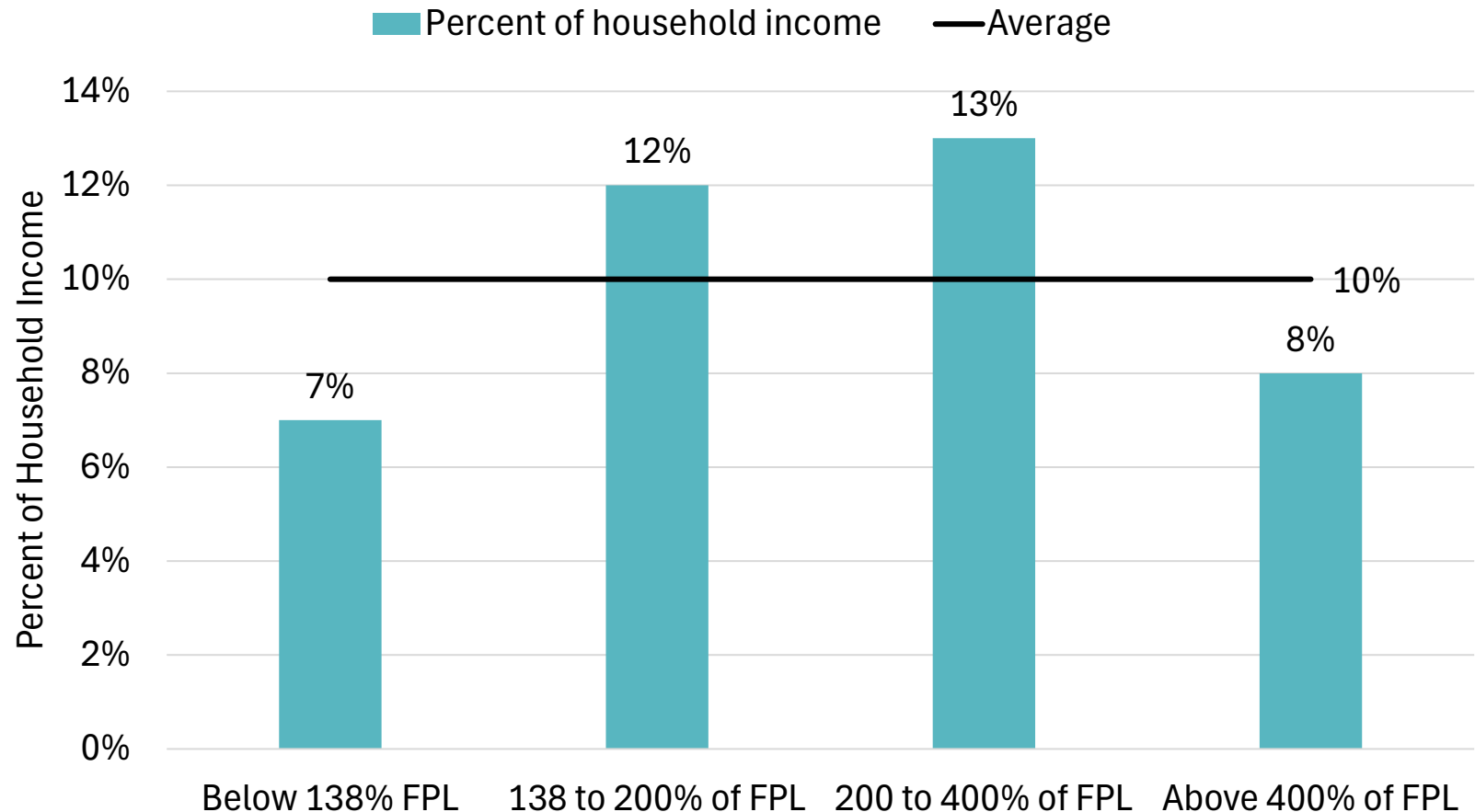
Provider Cost Analysis



# Health care spending represents a substantial portion of Maine residents' household income

Household spending on health care for those under 65 in Maine, 2025

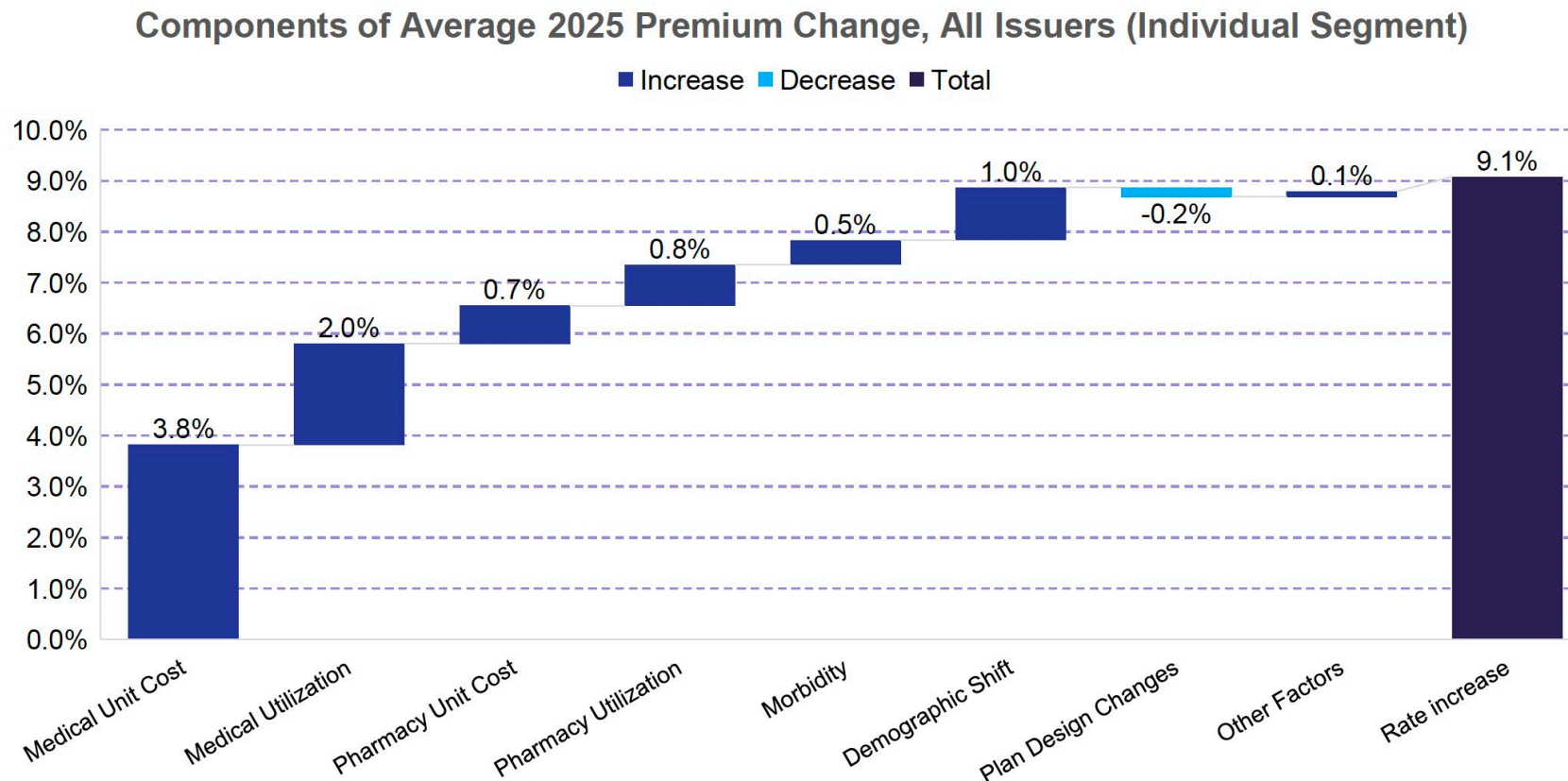
- On average, Maine households spend 10% of income on health care expenses, including premiums, out of pocket costs, and other expenses.
- Middle income earners spend an average of 13% of their income on health care, the **highest proportion of all income brackets.**





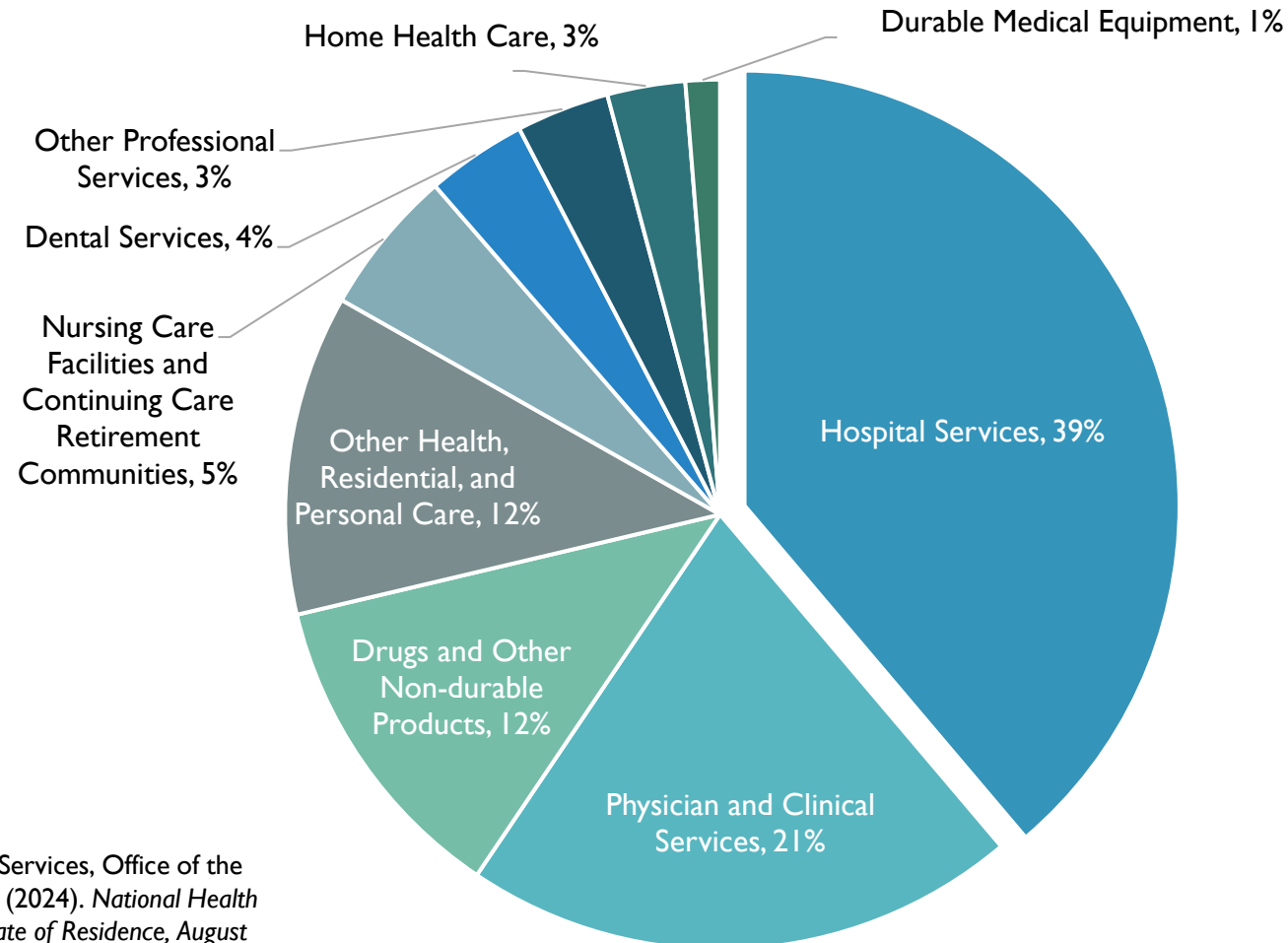
# Medical and pharmacy costs have historically been the major driver of increased premiums

## Drivers of the 2025 Average Rate Change



# Hospital services contribute the most to total health care spending

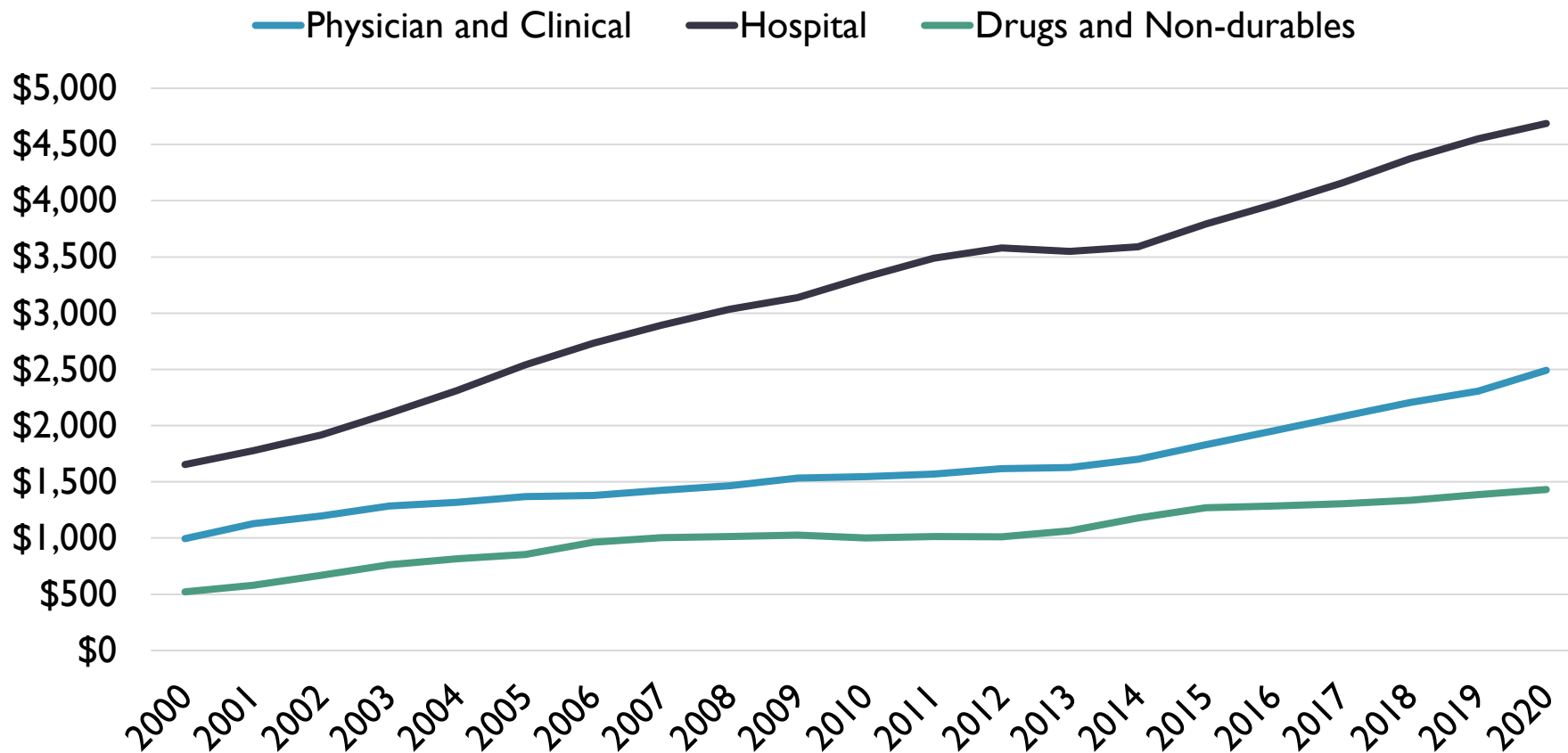
**Total Health Care Expenditures in Maine, 2020**



Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group. (2024). *National Health Expenditure Data: Health Expenditures by State of Residence, August 2022*.

# Annual per capita spending on hospital services has risen to more than \$4,500

## Maine Per Capita Health Expenditures by Service Category, 2001-2020

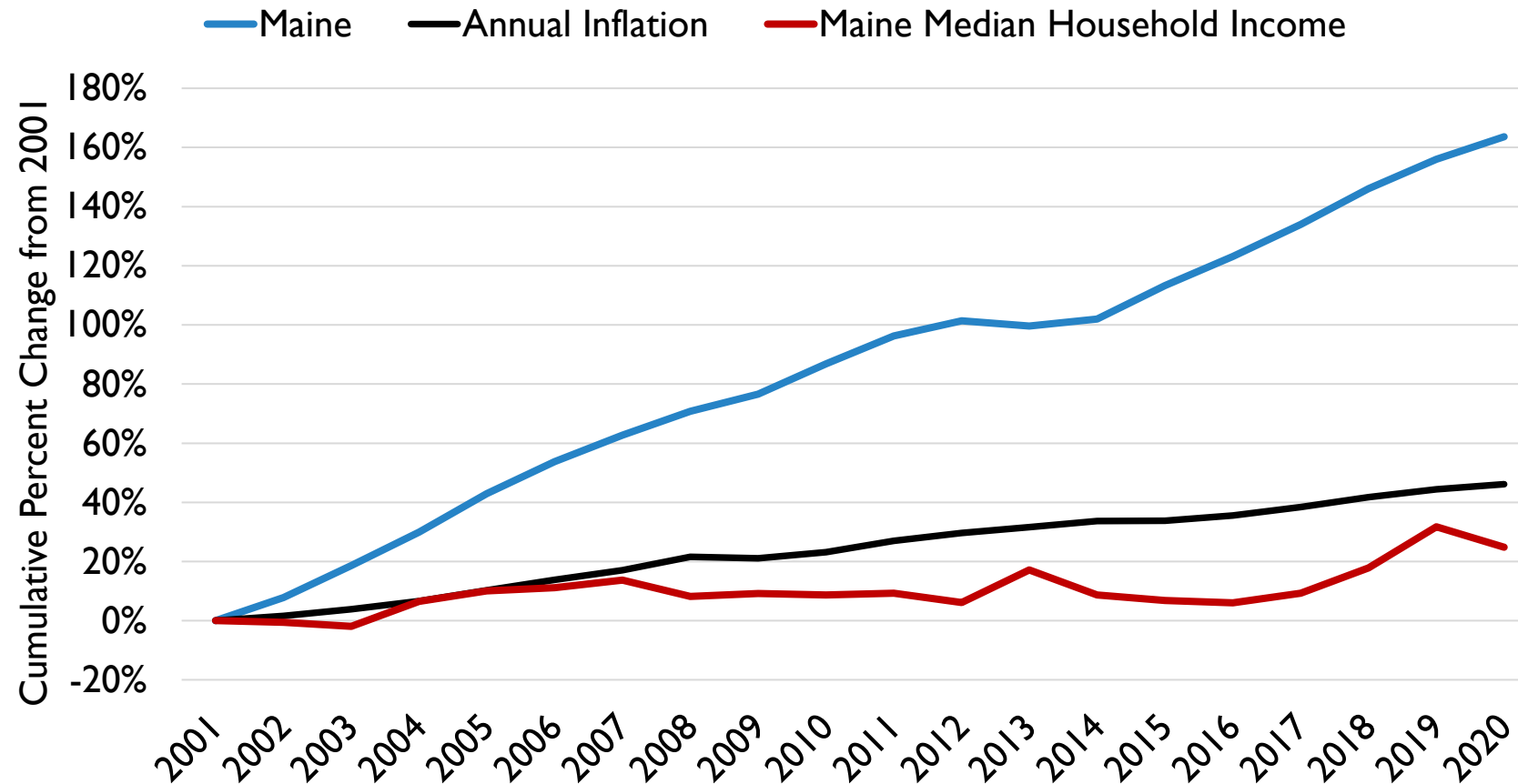


- Per capita hospital spending for Mainers (\$4,687) ranks 14th highest in the nation, above U.S. average per capita hospital spending (\$3,855)



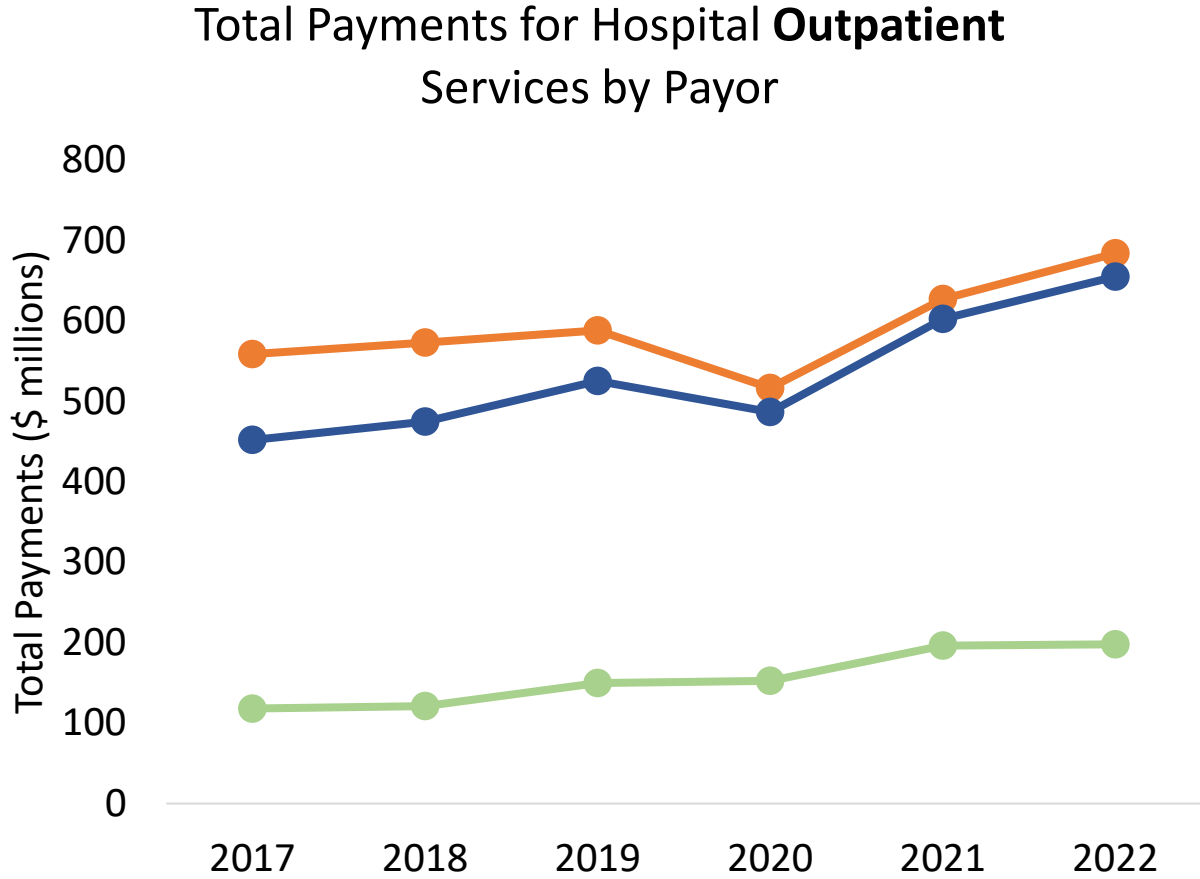
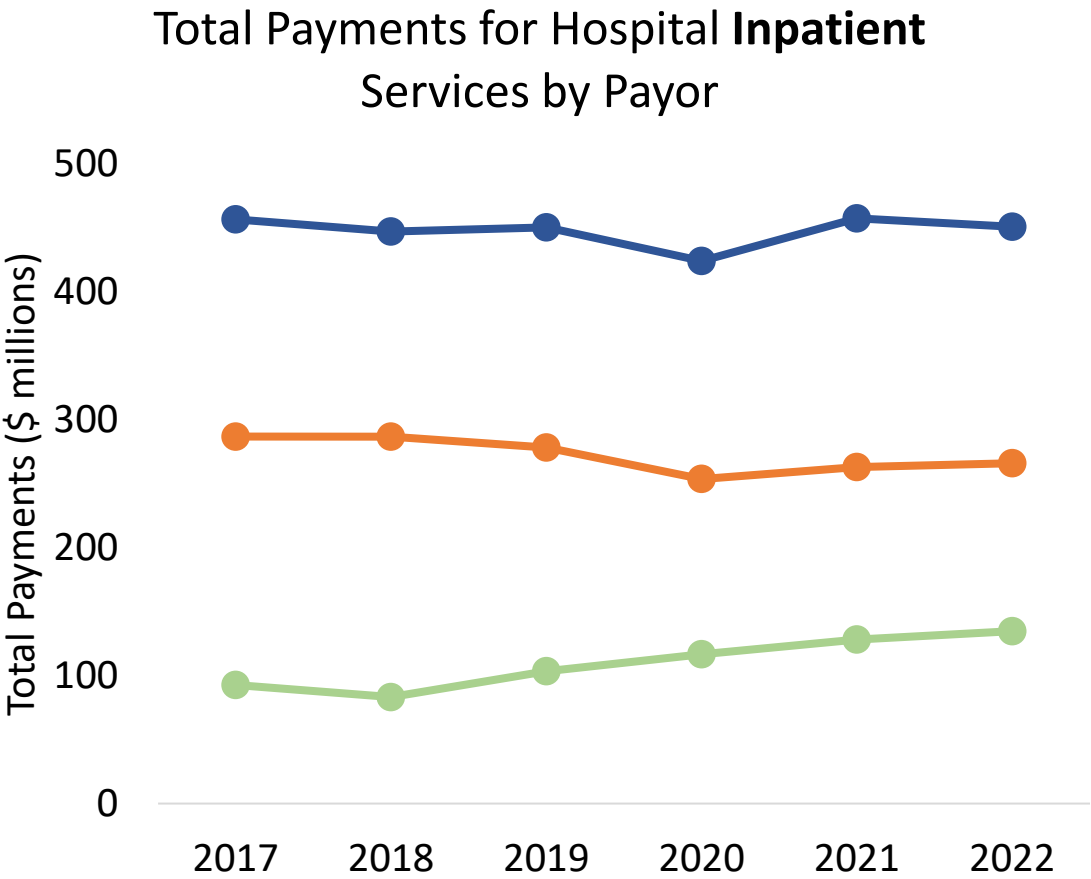
# Maine's per capita hospital expenditures have grown faster than inflation

## Cumulative Growth in Per Capita Hospital Expenditures, 2001-2020



- Per capita hospital expenses in Maine and nationally have significantly outpaced national inflation and Maine households' median income.

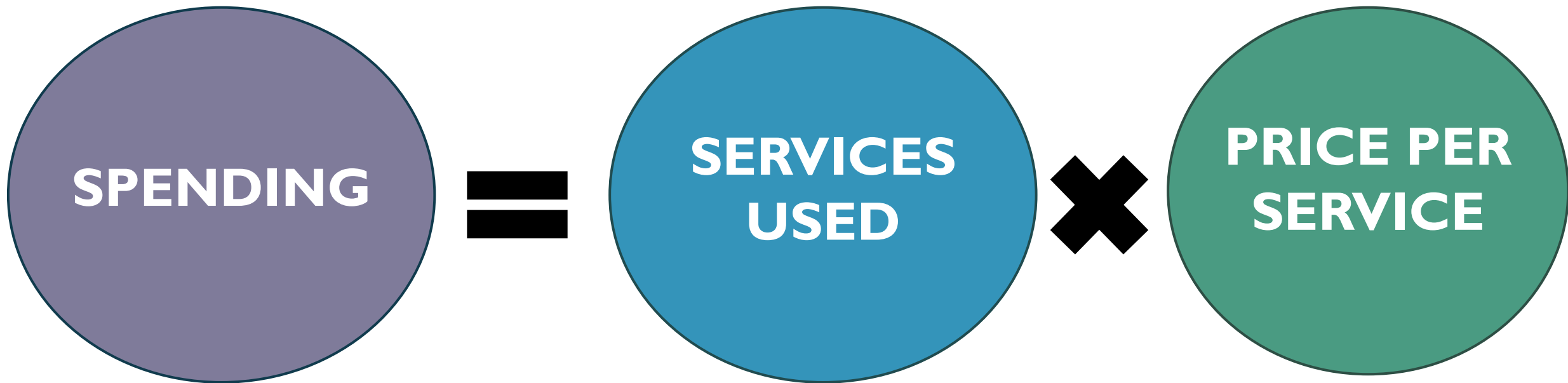
# Total spending on outpatient services has increased for all payors, particularly Medicare and commercial



Source: Maine Health Data Organization. (2024). *Hospital Services Payments and Utilization Dashboard*

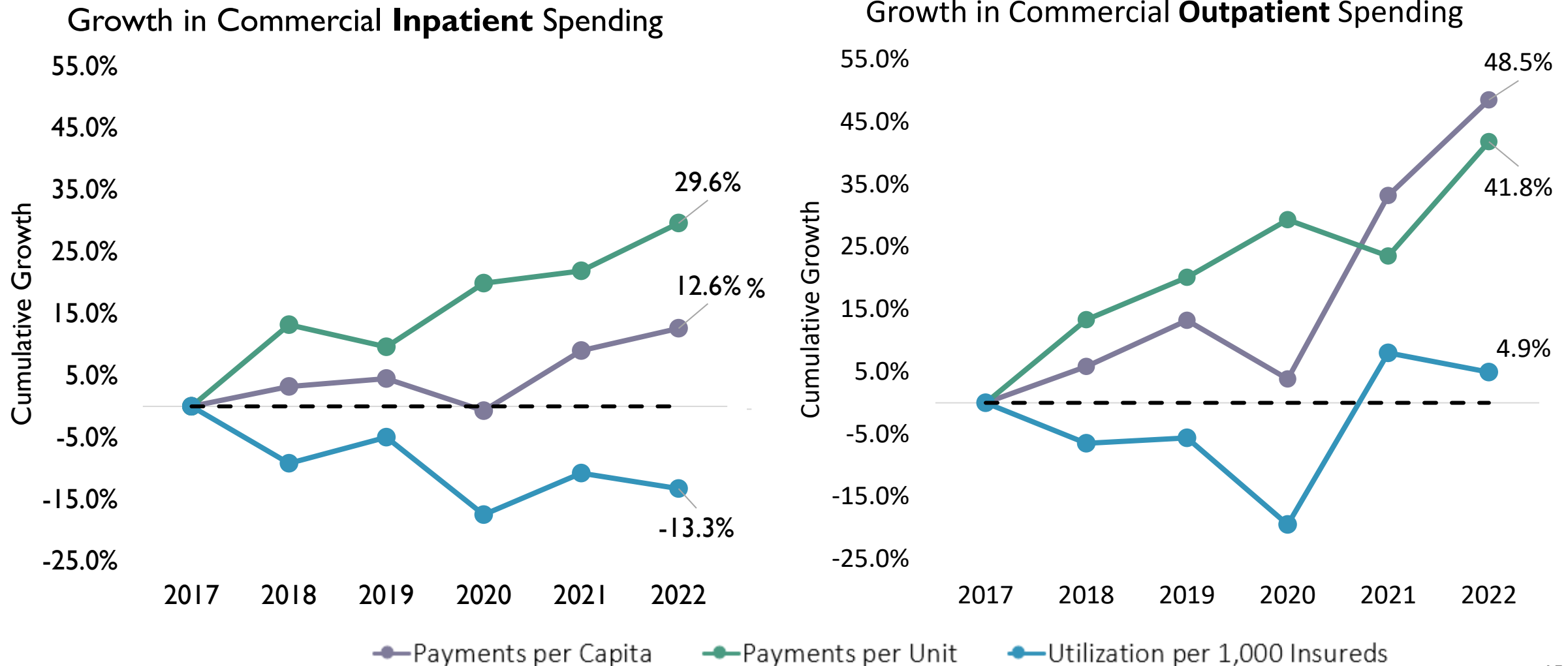
# Health care spending depends on use and price

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# Takeaway: Price not utilization drives hospital services spending growth for the commercially insured





# Policy Priorities

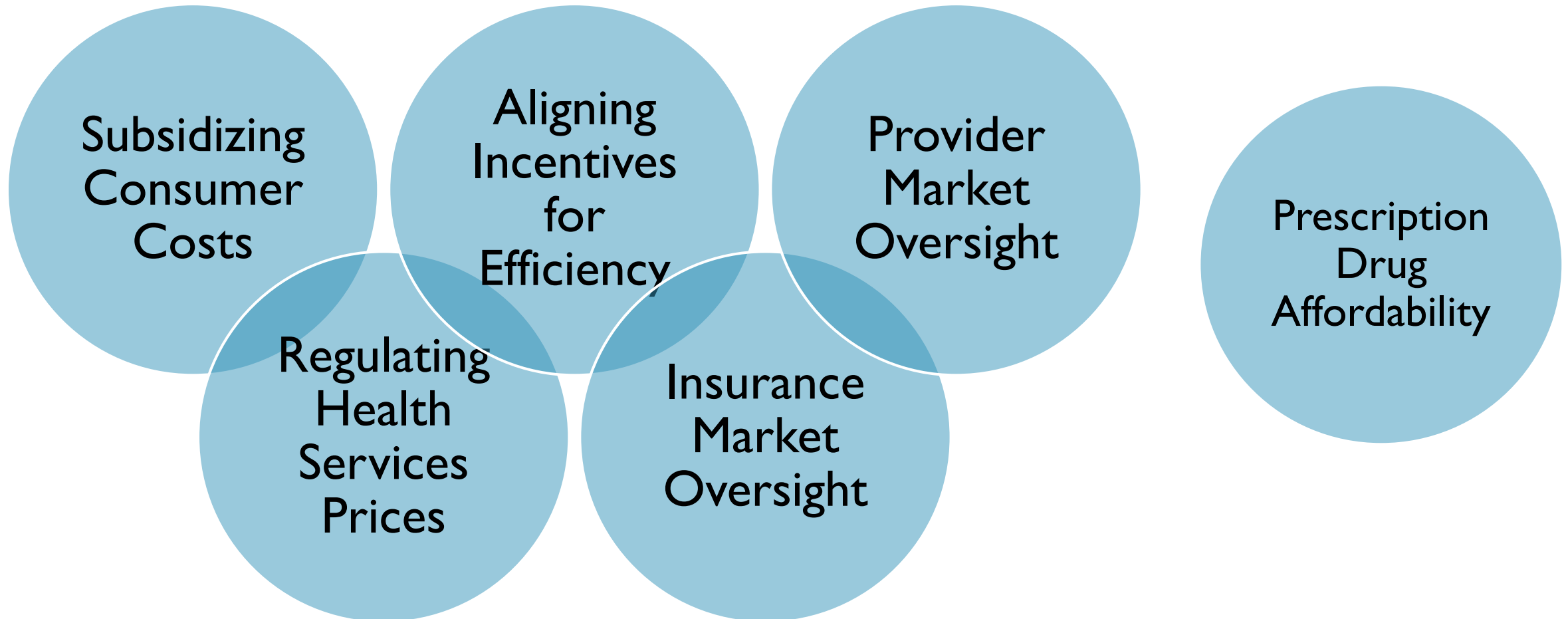
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# Policy Domains Considered by OAHC

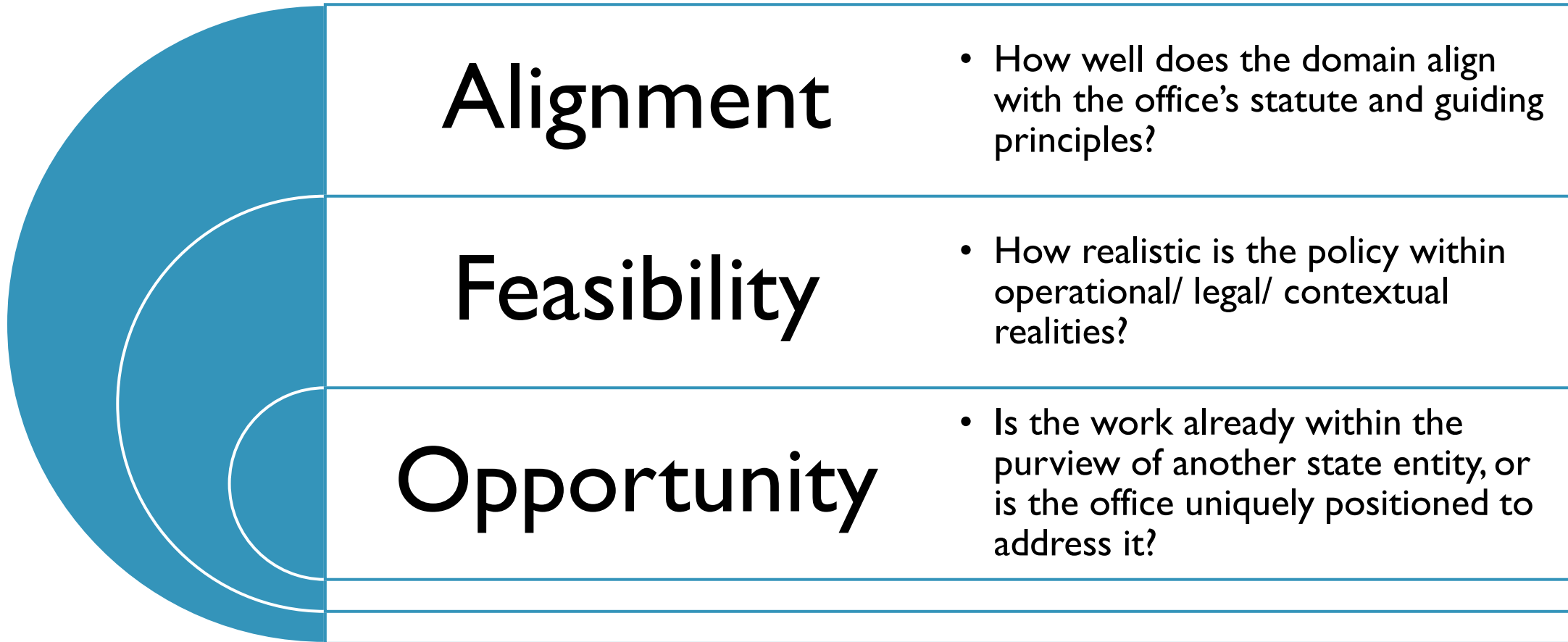
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# Framework for Assessing Policy Domains

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# Assessment of Policy Domains

Domain	Alignment	Feasibility	Opportunity
Subsidizing Consumer Costs	High opportunity for relief for a segment of consumers, does not address underlying costs	Anticipate identifying new revenue for subsidies or expansion would be a significant challenge	High level of coordination necessary regarding both revenue and coverage options
Regulating Health Services Prices	Opportunity for broad impact across markets, potential to redirect resources for greater efficiency	Requires an understanding of where and how savings can be achieved without impacting access or quality	Currently not within the purview of any other state agency
Aligning Incentives for Efficiency	Highly aligned in that initiatives could encompass affordability, quality, and efficiency	Anticipate that there could be alignment with existing stakeholder initiatives and ability to identify shared goals	While other agencies have expertise in this area, believe OAHG is well-positioned to be a broader convener
Insurance Market Oversight	Opportunity for intervention for a segment of the market, but reach is limited by federal preemption	Established structure for state authority, though there have been significant developments in the space recently	Bureau of Insurance has authority and expertise in this area
Provider Market Oversight	See particularly high alignment in considering how to protect against financialization of health care providers	Taking protective measures may be minimally disruptive, although the legal landscape for action is complex	DHHS has authority in this space, but some new market dynamics may not be a focus
Prescription Drug Affordability	Both acute affordability challenges for patients and concerning recent trends in overall spending across payers	Challenging for states to regulate because of the multi-party out-of-state supply chain	Bureau of Insurance has authority over PBMs; relationship to Prescription Drug Affordability Board

# Next Steps

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**Provider Market Oversight and Competition:** In the first regular session of the 132nd Legislature, the Office worked with Representative Sam Zager to introduce [LD 1972, An Act to Enhance Transparency and Value in Health Care Transactions](#). In its original form, the bill would have created a program to provide more comprehensive and consumer-oriented review of certain health care transactions that could impact cost, quality, and access to health care. The issues the bill was designed to address will be considered by the legislative [Commission to Evaluate Regulatory Review and Oversight of Health Care Transactions](#), meeting this fall.

**Regulating Commercial Prices for Health Services:** The Office has been assessing policy models in other states to create more rational systems for establishing prices for care, and developing estimates for how caps and/or floors on certain prices would impact health care costs in Maine.

**Aligning Incentives to Promote Efficiency and Quality:** Engaging with the Department of Health and Human Services and other stakeholders to explore how the Office can contribute to the development and promotion of alternative payment models, including through the Rural Health Transformation Program.