



Finding solutions to poverty and improving the lives of people with low income in Maine.

Budgets Should Be Balanced with Facts, not Misperceptions, Fiction and False Savings

Maine's Governor has offered the Legislature a false choice—cut thousands from MaineCare or the State will “go broke.”

His solution to this grim ultimatum is a budget riddled with disingenuous savings, hidden costs, illegal proposals and irrational approaches that will cause more problems than are solved.

Whatever the real shortfall is, three things are clear:

- 1. The shortfall is largely the result of errors and faulty assumptions made when the Administration put the biennial budget together earlier this year.**
- 2. There is a better way to balance Maine's budget.**
- 3. Maine *can* solve this problem—but only when we base solutions on facts, not fiction or anecdotes; and only when we look in the right direction for solutions. Maine and the United States have a health care crisis that needs solving, not a Medicaid crisis.**

“Miscasting a budget problem in order to quickly make changes to fulfill an ideological agenda is politically disingenuous. Doing so at the expense of the state's most vulnerable people—without plans to help them and their families through the changes, is callous.”

Bangor Daily News, Editorial 12/19/2011

MaineCare is an investment that has paid off for all of us.

For more than a decade, Maine's policymakers have taken deliberate steps to increase access to health insurance for children, seniors, people with disabilities and low-income working adults.

This investment has paid off. Thanks to MaineCare, our children have a better start and a brighter future. Our seniors have a greater sense of security. We have a healthier, more productive workforce. As a result, the rest of us are paying less for health insurance than we would if MaineCare was not there to pay the bills for those with the greatest health care needs.

The Governor's budget asks us to turn our back on this success. It takes a wrecking ball to what has taken years to achieve, harming the health and well-being of Maine people and our economy—and raising costs for all of us.

The Governor's budget proposes to eliminate:

- All health insurance coverage for more than 56,000 low-income people;
- Some or all of the help that 40,000 seniors and people with disabilities get with Medicare and prescription drug costs; and
- Residential homes and necessary personal support services for more than 5,000 vulnerable people, including seniors and adults with developmental disabilities and severe and persistent mental illness who will no longer have a place to live.
- Eleven critical health care services for all adult MaineCare members, including seniors and people with disabilities.

These reckless and dangerous proposals would:

- *Increase* Maine's uninsured rate for adults by more than 40%;
- Put the health of thousands of Maine people at risk. People without insurance are more likely to be diagnosed with late-stage cancer; to die when untreated for conditions like heart attack or stroke; and, if they have a chronic disease, to suffer worse health outcomes and greater likelihood of premature death.ⁱ Even a small gap in Medicaid coverage will have consequences for diabetics lowering their odds of receiving critical preventive careⁱⁱ; and
- Cause thousands of people to put off getting needed care, turning to the emergency room when their condition worsens. The cost for this more expensive care will just be shifted onto hospitals, municipalities and premium payers in the private market.
- Harm an already fragile economy by removing more than \$261 million in federal funding from the economy, costing thousands of Maine workers their jobs.

The Governor, once again, appears to be pushing ahead informed more by anecdotes about welfare cheats than the real problems his 'solution' would cause."

Portland Press Herald, Editorial, 12/15/2011

Maine’s Medicaid program is not out of control; its services are not more generous than the rest of the nation; our error rate is lower than the national average.

- Growth in the number of people receiving MaineCare represents *only* 5% of the budget deficit claimed by the Administration. Enrollment in MaineCare has grown by only 3% over the last year and by only 16% since the onset of this recession in December 2007. This is not surprising considering that during the recession our annualized unemployment rate sky rocketed by 75%.ⁱⁱⁱ
- MaineCare services are not more generous than other states; in fact, the *majority* of states cover *all* of the health care services slated for cuts in the Governor’s proposed budget.
- When Maine first covered very poor childless adults in 2002, fewer than 10 states provided this coverage. Today, 20 states provide some coverage to this group.^{iv} By 2014 all states will provide this coverage.
- The overall error rate in Maine’s Medicaid program is 34% lower than the national average; errors in determining eligibility (deciding who gets benefits) are 71% lower than the national average.^v Fraud is not a significant factor in whatever budget shortfall may exist.

“If Gov. LePage were a doctor, he might be sued for malpractice: He has not only prescribed the wrong medicine for a budget shortfall in Maine’s health care safety net, he has diagnosed the wrong disease.”

Portland Press Herald, Editorial, 12/18/2011

Not only is the Governor’s budget strategy dangerous and harmful, it’s irresponsible too.

- At least three proposals in the Governor’s budget—cutting prescription drug assistance for seniors and health insurance coverage for young adults and certain low-income parents—are flatly illegal. Provisions of the Affordable Care Act prevent states from terminating coverage for very low-income people before new federal coverage takes effect in 2014.
- When the Governor proposed the cut last spring to the “Medicare Savings Program” affecting seniors and people with disabilities, the federal government told him directly that it would violate federal law and jeopardize Maine’s federal Medicaid matching funds.
- Although the Governor claims he can get a “waiver” from the federal government to make these cuts, no such waiver has been granted to *any* other state. Federal law and a recent court decision make clear that a waiver cannot be granted.^{vi}

“Very little of the governor’s plan to tear apart the health care safety net for the poor appears to be based on any careful planning. That doesn’t give us much confidence in his assurance that his plan would fly under federal law, and Maine legislators should not even consider it until they are convinced that it would.”

Portland Press Herald, Editorial, 12/28/2011

There's a smarter way to bring down health care costs—thoughtful, common sense solutions that work for Maine people, Maine communities and Maine's economy.

Instead of shifting costs onto beneficiaries, providers or people who buy private health insurance, Maine can make MaineCare more cost effective without harming patient care. There is a better way to save money in the program.

For example, approximately 55% of MaineCare costs arise from 5% of its members—most with chronic health conditions.^{vii} Many states are taking the more thoughtful approach of better managing care, producing better health outcomes and reducing cost.

Our health care delivery systems and payment methods suffer from inefficiencies that add needlessly to program cost, and even harm patient care. By tackling these practices, policymakers can achieve needed savings while maintaining and even improving patient care.

ⁱ <http://www.iom.edu/~media/Files/Report%20Files/2009/Americas-Uninsured-Crisis-Consequences-for-Health-and-Health-Care/Americas%20Uninsured%20Crisis%202009%20Report%20Brief.pdf>

ⁱⁱ <http://www.jabfm.org/content/25/1/42.full?sid=c72d0e3f-2f05-42ca-a464-a6aafa66e984>

ⁱⁱⁱ <http://www.maine.gov/labor/cwri/laus.html>. This measures the increase in unemployment between December 2007 and June 2009 which represents the official period of actual recession.

^{iv} <http://www.statehealthfacts.org/comparereport.jsp?rep=54&cat=4>

^v <https://gateway.maine.gov/dhhs-apps/dashboard/financial/perm.aspx>. This measure includes both administrative errors as well as errors resulting from either provider or recipient fraud.

^{vi} *Newton-Nations v. Betlach*; 2011 U.S. App. Lexis 21891

^{vii} Letter dated December 1, 2011 from Mary Mayhew, Commissioner of Maine DHHS, to the chairs of the Joint Standing Committee on Health and Human Services related to LD 678.