



THE MAINE HERITAGE POLICY CENTER

Testimony In Support of LD 445

“An Act To Encourage Maine Consumers To Comparison-shop for Certain Health Care Procedures and To Lower Health Care Costs”

Senator Whittemore, Representative Lawrence, and members of the Joint Standing Committee on Insurance and Financial Affairs, my name is Matt Gagnon. I serve as CEO of The Maine Heritage Policy Center and I'm here to testify in favor of LD 445.

Disparities in medical prices in Maine are enormous. If you have insurance through Anthem, the cost of a hip replacement at EMMC is \$39,000. At St. Joseph's Hospital, a hip replacement costs only \$29,000--\$10,000 cheaper, with very similar quality ratings. Yet too often, patients are completely unaware of lower-cost alternative nearby.

LD 445 is designed to highlight these disparities and transform Maine's health care market by empowering patients to be informed, discerning consumers when selecting a medical provider. Under this bill, if a patient receives care for less than the average cost to their insurance company, the patient and the insurance company split the savings. That's a win-win outcome, and will reward efficient, low-cost health providers by driving more patients to their doors.

Today, I want to focus on how it would benefit Maine's critical access hospitals that have struggled to attract enough patients to remain financially viable.

The widespread perception that rural hospitals are more expensive and less safe than urban facilities is simply not true. A study in 2015 revealed that several of Maine's rural hospitals rank among the best in the country, offering high-quality, cost effective care.¹ An analysis by The Maine Heritage Policy Center of price data for the 20 most common procedures in Maine found that rural hospitals, on average, actually charge less than urban providers.²

A resident of Bangor in need of a c-section might naturally go to EMMC. But Waldo County General Hospital, less than an hour away, offers the same procedure for \$20,000 instead of \$26,000. A colonoscopy at St. Mary's in Lewiston costs \$4,100, but Stephens Memorial Hospital in Norway--just a 40 minute drive away--charges only \$1,700. Plus, Stephens Memorial Hospital has better patient satisfaction ratings.³ These are just two of countless examples of small, rural hospitals out-performing their large competitors on price and quality.

Maine's rural hospitals disproportionately serve Medicaid and Medicare patients, as well as the uninsured. To remain financially viable, they must attract more privately-insured patients. This bill gives them a chance to market themselves to a broader patient base and capitalize on their competitive prices and outstanding quality of care.

Thank you, and I'll be happy to answer any questions.

¹ iVantage Analytics, "Vulnerability to Value Rural Relevance under Healthcare Reform," 2015

² The Maine Heritage Policy Center, "Healthcare Costs in Maine," 2016. <http://mainepolicy.org/healthcare-costs-in-maine/>

³ Maine Health Data Organization, CompareMaine.org