

The Maine Heritage Policy Center Testimony in Opposition to LD 1611 "An Act To Support Universal Health Care"

Senator Sanborn, Representative Tepler and distinguished members of the Committee on Health Coverage, Insurance and Financial Services, my name is Adam Crepeau and I am a policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to testify in opposition to LD 1611.

LD 1611 establishes the Maine Health Plan Act, which would make all mainers eligible for health care coverage. While this proposal was likely brought forward with good intentions, this bill would establish premiums based on an individual's "ability to pay" and create a business health tax based on payroll to finance the Maine Health Plan. A universal health care system would be disastrous for Mainers.

First and foremost, this bill would likely raise taxes in Maine. Once the aggregate cost of providing health care is calculated, this bill directs the Maine Health Board to develop an "equitable and affordable" premium structure based on income and a payroll tax. If all Mainers are enrolled in this program, it would likely cost billions of dollars - \$12.76 billion based on per capita healthcare costs and the state's population.¹ While a portion of this may be covered by federal dollars, Mainers would need to pick up the difference.

When Vermont tried to establish a universal health care plan, the personal income tax was estimated to increase by 9.5 percent and it introduced a payroll tax of 11.5 percent. The cost of the program would have nearly doubled overall budgetary spending.² While this proposal is structured differently, the costs of providing healthcare to an entire state population would be expensive for somebody because healthcare services simply are not free. In this instance, it will be hardworking Mainers who will face high premiums and payroll taxes under this legislation. Because premiums would be based on "ability to pay," this initiative would merely serve as a redistribution of wealth program in which wealthier individuals subsidize the cost of someone else's healthcare.

¹ Health Care Expenditures Per Capita in Maine (\$9,531, Henry Kaiser Family Foundation) multiplied by the Maine's population (1,338,404, US Census Bureau) <https://www.census.gov/quickfacts/me>; <https://www.kff.org/other/state-indicator/health-spending-per-capita/?activeTab=map¤tTimeframe=0&selectedDistributions=health-spending-per-capita&sortModel=%7B%22collId%22:%22Location%22,%22sort%22:%22asc%22%7D>
²<https://www.bostonglobe.com/business/2015/01/25/costs-derail-vermont-single-payer-health-plan/VTAEZFGpWvTen0QFahW0pO/story.html>

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Further, this bill establishes the Maine Health Board to calculate premiums and the business health tax rate. This would be a massive expansion of state government. The board would have the authority to expand the minimum health care benefits beyond what is described in the bill. The Maine Heritage Policy Center is opposed to giving such broad authority to a government board that would be responsible for administering health care to the entire state population.

Because a universal health care program would be costly for Maine and would serve to create a larger government bureaucracy, we urge the committee to vote, "Ought Not to Pass" on LD 1611. Thank you.