



NATIONAL ACADEMY  
*for* STATE HEALTH POLICY

# The Dirigo Health Plan

**Report from Focus Groups with Mainers  
About the Dirigo Health Plan  
*Winter 2004***

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**by**

**Gene LeCouteur  
Michael Perry**

**Lake Snell Perry & Associates**

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See also a companion report,  
[\*Designing Maine's DirigoChoice Benefit Plan: Striving to Improve Health at an Affordable Price.\*](#)  
by Jill Rosenthal and Cynthia Pernice of NASHP.

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## ABOUT THE AUTHORS

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**Eugene LeCouteur, M.B.A.**, is a senior analyst at Lake Snell Perry & Associates, Inc., where he specializes in research on health care for low-income populations. He was the lead researcher on studies of Maine's Dirigo Health Plan, childless uninsured adults in Oregon, and the health insurance needs of low-income adults in West Virginia and in San Francisco, among other work. Before joining Lake Snell Perry & Associates, Inc, LeCouteur was a research director with King Brown & Partners, where he was responsible for syndicated online research and custom quantitative research. Previously, he was manager of research and planning responsible for global branding, product licensing, and kids' research at the Discovery Channel. He also was a senior research associate at Mathew Greenwald & Associates. LeCouteur earned his M.B.A. from Cornell University's Johnson Graduate School of Management and his A.B. from the College of William & Mary.

**Michael J. Perry** is a partner at Lake Snell Perry & Associates, where he leads the firm's work on health policy issues. Mr. Perry has a special focus on bringing to light the experiences and voices of those underserved by today's health care system. He has undertaken numerous studies for the top health care foundations in the nation and has conducted a number of projects documenting the health care experiences of individuals with disabilities.

## INTRODUCTION & METHODOLOGY

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The National Academy for State Health Policy (NASHP), working for the Maine Governor's Office of Health Policy and Finance and with support from The Commonwealth Fund and the Maine Health Access Foundation, sponsored this study of Maine citizens.

The study was initiated in response to legislation (the Dirigo Health Reform Act) proposed by the Governor to address cost, quality, and access to health care. The purpose of the Reform Act is to make quality, affordable health care available to every Maine citizen within five years and to initiate new processes for containing costs and improving health care quality. A major premise behind the law is that successful health care reform must address cost, quality, and access simultaneously and with equal vigor. The law is built on the assumption that health reform cannot be done in a piecemeal fashion. If attention is paid only to access, costs will increase. If lowering the cost of care is the primary concern, access will be limited. And if quality is the sole focus, people will remain uninsured and costs will remain high.

There were multiple goals for this study:

- To better understand barriers to health insurance coverage for workers and employers;
- To understand what workers and employers want in a health insurance plan;
- To understand the trade-offs, if any, that workers and employers are willing to make to keep insurance premiums low;
- To understand how business owners, health insurance brokers<sup>1</sup>, and workers view Dirigo Health;
- To find out what business owners, health insurance brokers, and workers know about Dirigo Health;
- To discern whether there is any misinformation circulating about Dirigo;
- To better understand what employers need in order to sign up with Dirigo; and
- To identify what it would take to encourage employees to enroll in the plan.

The research consisted of six focus groups that Lake Snell Perry & Associates (LSPA) conducted in three cities in Maine during December 2003. The focus groups were supplemented by ten in-depth interviews conducted in January 2004. Tables 1 and 2, below, outline the dates, locations, and participants involved in the research. The Participant Profile section that follows the tables contains more information on the five key stakeholder segments identified for this research.

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<sup>1</sup> Brokers are sellers of health insurance products to businesses and individuals. Brokers are ideal interview subjects because they can relate information gathered from their diverse clientele. These brokers were identified and interviewed due to the concerns they had expressed about Dirigo Health.

**Table 1 Focus groups**

Date	Location	Description
December 15, 2003	Portland	Employers not offering health insurance <sup>2</sup>
	Portland	Uninsured workers
December 16, 2003	Portland	Employers offering health insurance
	Portland	Identified concerned business owners <sup>3</sup>
December 17, 2003	Auburn	Employers not offering health insurance
December 18, 2003	Bangor	Employers not offering health insurance

**Table 2 In-depth interviews**

Date	Location	Description
January 12, 2004	Winthrop	Concerned business owner
	Portland	Employer offering health insurance
	Portland	Broker/Agent
January 13, 2004	Bangor	Employer not offering health insurance
	West Bath	Employer offering health insurance
	Portland	Broker/Agent
January 14, 2004	Bangor	Employer offering health insurance
	Portland	Employer offering health insurance
January 28, 2004	Augusta	Broker/Agent
	Poland	Broker/Agent

Focus groups are a qualitative research tool, which means that these results cannot be statistically projected to the larger population. The experiences and attitudes detailed in this report may not be representative of these groups. What qualitative research can do is provide subtle insights into individuals' experiences, attitudes, and opinions. By giving these participants the opportunity to share their feelings and experiences in their own words, the focus groups and one-on-one interviews allow more vivid, detailed findings than quantitative research methods can achieve.

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<sup>2</sup> For the purposes of this study, employers had no more than 50 employees. In the focus groups, most employers had 10 or fewer employees. During the in-depth interviews, we were able to supplement the responses with the opinions of larger employers (20-50 employees).

<sup>3</sup> Identified concerned business people are business owners who have expressed concerns about the Dirigo Health Plan.

## PARTICIPANT PROFILE

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NASHP and LSPA identified five groups of key stakeholders to interview as part of this research – small business owners offering health insurance, small business owners not offering health insurance, identified concerned business owners, uninsured workers, and health insurance agents/producers/brokers. A summary of the makeup of each group follows:

- **Small Business Owners Offering Health Insurance:** In many of their responses, the people in this group sound very much like their counterparts who do not offer insurance. They value health insurance for themselves and their employees. However, they are feeling the squeeze of ever-higher premium rates in their struggle to keep health insurance in place. Some feel that workers do not understand the high cost of health insurance. Those who enroll in the health insurance plan they offer begin to sound like workers in the way that they evaluate health insurance policies.
- **Small Business Owners Not Offering Health Insurance:** The folks in this group sound much like those who offer insurance. They see the value of health insurance, and some state they used to offer it to their employees before it became too expensive. They are even more price sensitive than those offering health insurance. They need to find a premium cost that is lower than what is currently available in the marketplace. They would consider catastrophic insurance because it is better than having no coverage at all.

Since the above two groups of small business owners often sound the same, they will be grouped together and defined as business owners throughout this report. When there are differences between the two, they will be noted.

- **Concerned Business Owners:** The people in this group are more informed about Dirigo, although they are often misinformed. They see Dirigo as a threat to the quality of health care, because they believe it is a single-payer system. They sound like other business owners in that they value health insurance and feel the pressure of rising premiums.
- **Brokers/Producers/Agents:** The folks in this group are the most informed about Dirigo, but they are hungry for details. They are forming negative opinions about Dirigo in the absence of information. They are critical of the process that is being used to form Dirigo because they think it is moving too fast and there are not enough details. They see themselves as an important audience because of their influence with business owners and individuals who come to them for recommendations about insurance. There are no philosophical barriers to their acceptance of Dirigo; their assessments will be based on how Dirigo compares to the other products available. If they can sell Dirigo and make money, they will.
- **Uninsured:** There are two categories of uninsured workers: those who are self-employed and those whose employers do not offer health insurance. The people in these groups sound very similar. They value health insurance and complain about the costs. The only exception is young people in their twenties, who feel that they can do without health insurance because they are healthy and they know they can get “free” care through the

hospital emergency room. Older people feel an urgency to get health coverage, but they are constrained by the high cost.

## STRATEGIC SUMMARY

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A number of insights emerge from this study about the design and marketing of Dirigo Health Plan. There is much that small businesses, insurance brokers, and uninsured workers find appealing about Dirigo Health. There are also concerns and significant gaps in their knowledge about Dirigo. The full report of findings details these appealing aspects of Dirigo, as well as the main challenges that the plan will face as it is unveiled. Based on this research, however, it appears that six key factors will have the greatest effect on whether small businesses and individuals in Maine ultimately sign-up for Dirigo Health:

- **An affordable premium:** Repeatedly, brokers, small business owners, concerned business people, and workers state that premium affordability is *the* key factor. Many businesses and workers have tried to obtain coverage but have not been able to afford the premiums under the plans that are currently available. If business owners and workers cannot afford their portion of the Dirigo premium, then no matter how good the plan is, people will not enroll.

The premium tested in the focus groups for Dirigo Health was \$420 per month for an individual. Most workers say they could not afford to pay the full premium amount of \$420 per month. Similarly, most business owners say they cannot afford to pay the full \$420 per month either. Both workers and business owners say that the only way for it to be affordable is if they share the premium cost. In that case, many workers and business owners think they can afford one-half of the premium, or \$210 per month. However, some workers and business owners, especially outside Portland, say they cannot afford one-half of the \$420 premium. Uninsured workers were also favorably impressed with the concept of sliding-scale premium payments. Most focus group participants are enthusiastic about the benefits of the Dirigo Plan that were tested, but affordability is essential.

- **Affordable copays and out-of-pocket expenses:** Workers and many employers are clear that if copays and out-of-pocket expenses are not affordable, they might as well remain uninsured. When a plan has a high deductible, such as the \$2,500 deductible tested, it is the same as a catastrophic policy. These workers cannot afford to pay that much out-of-pocket. Similarly, if copays are not flat amounts, but a percentage of the total cost, workers and employers balk. The uncertainty of the copay is off-putting, and many fear the copays in that scenario would be unmanageable.
- **Answers about Dirigo's financing:** Small business owners, concerned business people, and brokers all wonder about Dirigo's financing. When financing is initially explained, many of the business owners, concerned business people, and brokers have difficulty believing that the financing plan will work to pay all of the costs of Dirigo. They think that if the financing plan does not work, they will be paying higher taxes to support Dirigo. Therefore, they need more details about how Dirigo will be financed and a clearer understanding of what makes this financing feasible.

- **Engaging health insurance brokers:** Brokers are an important constituency in gaining acceptance for Dirigo. Business owners rely on brokers for advice about all insurance products. They want to know that their broker believes in a product before they will sign up. Brokers are a constituency that can understand both the intricacies of creating an insurance product like Dirigo and its implementation. If they are successfully brought into the process, they can be believable and persuasive spokespersons for Dirigo.
- **Credible endorsements from business organizations, such as the Chamber of Commerce and prominent business owners:** Most business owners approve of the concept of state government helping small businesses and business owners afford health coverage. However, they do not have the time to study Dirigo Health to determine how they feel about the plan. They are going to rely on others whom they trust, such as the Chamber of Commerce or prominent business owners, to study the plan and tell them whether or not it is good for their businesses.
- **Showing that Dirigo is not changing the insurance system to a single-payer system:** It is important to let people know that Dirigo is not a single-payer system, but rather, it is designed to work within the existing health care system of insurers, patients, and physicians. In addition, it is necessary that any information released be clear in stating that the plan will not create a new and unwieldy government bureaucracy that takes on a life of its own, leading to higher taxes and interference with the quality of care that Mainers receive.

Finally, it is important to keep in mind that among all the constituencies interviewed for this research, little is known about Dirigo at present. This impedes people's ability to accurately assess whether it is a good plan or not. No matter how much coverage of Dirigo there has been in the media, Dirigo cannot rely on these constituencies to be keeping up with the evolution of the plan. Because they have not seen much information lately, there is a growing perception among brokers and some businesses in this study that Dirigo is being created behind closed doors. Therefore, Dirigo Health Plan needs to proactively and frequently inform the key stakeholders in this process.

These and other insights from this study are detailed on the pages that follow.

## KEY FINDINGS

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### Context

**All business owners agree that *attracting and retaining good employees are the main reasons they offer health care coverage.***

Some business owners point out that unemployment is low in the urban areas of Maine and that keeping good employees is difficult.

Businesses that do not offer health coverage can lose good employees to companies that offer coverage. Employers cite instances of workers leaving for lower wages or entering a different line of work in order to get health insurance. Besides being a good business decision to offer health insurance, many business owners also feel that offering health care coverage is the “responsible thing to do” and the “right thing to do.” Most employers feel a responsibility to their employees to offer health insurance. Finally, a few employers point out that by offering health coverage, their employees are more likely to see a doctor and receive preventive care. This helps their bottom-line because workers are more likely to stay well, which reduces absenteeism.

***“We realize that a complete compensation package of benefits is necessary to attract and retain employees.”***

*--Concerned business owner*

**Confirming the employers’ statements, some uninsured workers say they would consider lower pay to obtain health coverage.** Some also reveal that they are looking for other jobs that offer health coverage because their current employers do not, or because health insurance is too expensive to buy on their own. Many workers say they will switch jobs, switch industries, and even take a pay cut to get employer-sponsored health insurance coverage. Most consider being uninsured a temporary situation – they know they need to obtain coverage in the near future. The young, healthy workers in the focus groups feel a less intense need for coverage, but believe that when they get married or have children, they will need coverage. Until then, these uninsured workers state that they can get any of the care they need for free by going to the emergency room.

**The primary barrier that small businesses identify to offering health insurance is high cost.** Employees, brokers, and business owners agree on this point. All complain about the high cost of health insurance and that costs are rising out of control. Employers who currently offer health care coverage say they are scrambling to keep offering it to their workers. Some are concerned they may have to drop health coverage altogether if costs continue to rise so quickly. Others reveal that they had to discontinue coverage because they could not afford the premiums or their employees have not been able to afford to share the premium costs. Several business owners talk about how they reduced coverage to keep premiums affordable, until the plan was reduced to catastrophic coverage alone. At that point, they often dropped coverage because the benefits did not seem worth the expense.

***“I think that businesses that care about their employees would like to offer health insurance. For some it is not financially feasible.”***

*--Small business owner*

Some small businesses and concerned business owners feel their employees do not appreciate their health coverage or understand how costly it is. They feel employees are shielded from the real costs of coverage because employers pay the premiums.

**However, uninsured workers clearly understand the cost barrier. Many have tried to obtain private health insurance but could not afford the premiums.** Many couples try to have one partner find a job with health insurance, even if the pay is poor, so that the family can get affordable health insurance through the employer.

Many say that Maine's economy has been hurt by the loss of industry. The jobs that were lost are those most likely to offer health care coverage. Many of the newer jobs are lower paying and offer few, if any, benefits.

Maine's health insurance market has also been hurt by the loss of insurers in the state. Currently, there are only a few companies providing health insurance to employers. With so few players in the market, there is a near monopoly on health insurance products, and little market control over premium costs. Dirigo Health will add a new player that could increase competition and reduce costs.

**Employers, workers, brokers, and concerned businesses in this study say they want greater affordability and availability of health coverage in Maine.** Most participants in the focus groups understand the value of health coverage and most business owners want coverage for themselves and their employees. The only exceptions are a handful of young uninsured workers who feel that they can do without health coverage in lieu of higher pay; they see themselves in good health and with only a rare need for health care services. In contrast, older uninsured workers, business owners, and concerned business owners all see the value of health coverage.

**Of note, most focus group participants approve of state government helping small businesses and individuals afford health coverage.** Many respond favorably to the idea of the government offering subsidies to workers and businesses that cannot afford health coverage on their own. Similarly, uninsured workers like the idea that the government would assist people, on a sliding scale, to pay for their health coverage. Thus, "helping businesses/working families afford health coverage" is a compelling way to describe the state's role in health coverage.

**Most employers do not know much about Medical Savings Accounts (MSAs).** MSAs were discussed in most of the employer focus groups, but few employers are aware of them or know how they work. Some feel they are a good idea, but they worry that MSAs will be yet another program they will have to pay to administer and another paperwork headache.

## WHAT MAINERS WANT

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### The System

Most participants believe that the health insurance system has to change in order for health insurance to be affordable for workers and business owners. They acknowledge that the current system is not working well, as evidenced by the large numbers of uninsured working people. Participants welcome state efforts to improve the health insurance system.

However, most participants resist making Maine's health coverage into a single-payer system. Some fear that state government will create a single-payer system for health insurance, and as a result, it will erode the quality of available care. This criticism comes primarily from concerned business owners who feel the current employer-based system is the best method of providing health coverage. Other small business owners share this sentiment, at least partially, as they also seem to prefer the current system. More specifically, they do not want to see government mandates for health insurance coverage or see the pool of private insurers shrink any more than it has already. Business owners often point to the Workers' Compensation system as an example.

In contrast, uninsured workers and a few small employers are open to the concept of a single-payer system. However, it seems that this support is not deep.

Across all groups, there seems to be a consensus that if state government can create a good health insurance plan, insurers should be allowed to sell and administer the plan. The government should monitor how the plan is running, to make sure it is fair, that premiums are not climbing out of control, and that benefits are being administered correctly. But, according to participants, the government should not get involved in the administration of the plan because, historically, the bureaucracy has not done a good job of administering such efforts.

### Specific Attributes of Health Insurance

**Keeping monthly premiums low is important to all business owners.** First and foremost, small businesses and concerned business owners look to the premiums of a health plan to decide if it is or is not a good plan for them. This is a threshold issue for them; if the premium is too high, they do not even look at the benefits. There is some variation in what business owners mean by low, but many agreed they could afford to pay a premium of about \$200/month for an individual employee. Employers feel squeezed by taxes, other fixed costs, and competition. They want to provide health care coverage for their employees, but they need it to be economical.

**Uninsured workers and many small business owners, especially outside Portland, look at the total insurance expense. That is, the cost of premiums, deductibles, copays, and maximum out-of-pocket expenses when considering a health insurance plan.** Uninsured workers want to know what their total costs will be with a plan. Thus, they may not always agree with business owners about the best plan. However, when the premiums are out of reach, many small business owners never get beyond the premiums to consider the services covered.

**In Portland, a few business owners have coverage for themselves through their spouses, COBRA, or retirement plans. Although in Auburn and Bangor, employers in the focus groups did not typically have health insurance.** Employers with separate health insurance are often completely focused on the premium cost because they do not have to be concerned about the coverage for themselves. Employers who would enroll in a plan themselves are interested in not only the cost to the business, but also the cost to the beneficiary. They are concerned about the out-of-pocket costs members will incur because they will be subject to the same rules.

**Hospitalization, doctor visits, prescription drug coverage, specialty care, and urgent care are the most important health services to include in a health plan.** Participants consider these the essential parts of a health insurance plan because they are the services that people use the most (doctor visits and prescription coverage) or they are very expensive (hospitalization, specialists, and urgent care). Although dental and vision care, mental health services, and durable medical equipment are desirable, participants do not feel these are essential to include in a health plan for most Mainers. Small business owners see the less essential services as something an individual or a business could purchase as a rider if they wanted it, but they would keep these non-essential coverages out of the basic plan to keep the Dirigo premium lower.

*“People do it all the time. People in northern Maine drive to the Maine Mall or drive to Portsmouth, NH, or Boston.”*

*--Insurance broker*

**Uninsured workers resist making trade-offs in coverage to reduce premiums, but business owners do not.** Many uninsured workers have negative opinions about managed care plans/HMOs and do not like having limited choice in providers. They are wary of such phrases as, “You can pick from a network of providers.” Also, some uninsured workers complain about having to obtain referrals in managed care plans and would like to avoid this, if possible. Small businesses and concerned business owners, on the other hand, are more open to purchasing plans that require some trade-offs from their workers to keep costs down. For example, they feel it is reasonable to require members to travel to Portland or Boston to receive specialist treatment. Indeed, many say that this is what people typically do in order to get the best medical care. They also point out that most health plans have extensive physician networks, and most doctors, especially in rural areas, are part of all of the plans available in the state. Therefore, someone would be hard pressed not to find an acceptable physician among the current health plans.

## ROLE OF STATE GOVERNMENT IN HEALTH INSURANCE

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All groups in this study believe the government has a (limited) role to play in providing health care coverage. Most say that government should help low-income people who do not have such coverage. Many also seem to see a role for government in doing something about the large number of uninsured in the state of Maine. This is a striking finding because many of the people in these groups simultaneously hold some negative views of government.

**They set conditions on government involvement; that is, they do not want government *selling or administering* their health coverage.** Participants fear bureaucracy, lower quality care, rationing, and less innovation if the government administers health care. This is particularly true of the concerned business owners.

**Some concerned business owners fear a Canadian-style system.** They perceive the Canadian system to be of poorer quality than the U.S. system and tell horror stories about the rationing of care in Canada and of Canadians coming to the U.S. to get care that is not available in their own country. In contrast, small business owners are not fearful of such a system. As one business owner in Auburn states, “At least everybody has some [coverage]” with a Canadian-style plan.

## THE HEALTH PLAN MODELS

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In the focus groups, three different model health plans were tested: Plan E, Plan K, and Plan F. Plan K and Plan F were based on actual plans available in the state. Plan E is a possible model for the Dirigo Health Plan. The big differences in the plans are the premiums, deductibles, and out-of-pocket expenses. The following are reactions to these models:

### **Plan E (the Dirigo Plan) tested well with uninsured workers and some small businesses.**

Plan E was the clear preference among the uninsured workers because it had the lowest deductible and lowest out-of-pocket expenses of all the plans. These workers seem to look to worst-case scenarios when considering plans. They tend to ask themselves a question similar to the following: If I become very ill and need a lot of medical care, which plan will affect my family budget the least? They also note that the premium for Plan E is lower than they have seen for private insurance that they might purchase on their own. Given these comments, Plan E seemed the most attractive to uninsured workers. However, many say they would have problems affording this monthly premium if they had to pay the entire amount. Many think they could afford to pay about half the premium cost (approximately \$200).

Some small businesses are torn over this plan. They like the benefits and the low deductibles, but are concerned about the premium cost, especially businesses in Portland.

Even if there is cost sharing, some employers do not think they can afford \$210 a month per employee. Some think their employees would not be able to afford half the premium, either. However, employers in Auburn and Bangor are somewhat more open to plan E, especially when they consider cost sharing.

Finally, a number of small businesses note that the premiums for this plan are lower than premiums they have seen recently for health coverage or what they are even paying currently. In this light, the plan seems an improvement over what is currently available. Identified concerned business owners initially find this plan less appealing because the premiums are higher than the other plans considered. However, like most participants, they find the low deductibles and out-of-pocket expenses appealing.

Later, when it was revealed that Plan E is a potential model for Dirigo, small businesses and concerned business owners reconsidered it and commented that it was a reasonable price to pay and was even less than most currently pay. For some small businesses that do not offer health insurance, however, the premium amount seemed beyond their reach, and they admit that they would need significant cost sharing with employees (at least 50 percent) or assistance from the state to be able to afford this plan.

<b>Plan E (Dirigo)</b>	
Monthly premium:	\$420 individual/\$650 family
Annual deductible:	\$250 individual/\$500 family
Maximum out-of-pocket:	\$1,250 individual/\$2,500 family
Inpatient hospitalization:	\$50/day; \$300 maximum
Outpatient hospitalization:	20% after deductible
Doctor's visit copayment:	\$10
Specialist copayment:	\$20
Emergency copayment:	\$50
Prescription copayment:	\$10/\$20/\$35

**Plan K was preferred by a number of small businesses because of the lower premium.**

Participants were asked to compare Plan E and Plan K, and most small businesses and concerned business owners immediately noticed the lower premium. Most find this premium amount very appealing – much lower than they currently pay and lower than the premium for Plan E – and they still feel their workers would be able to obtain most of the services they need.

Some admit that the potentially high out-of-pocket expenses for their workers under this plan could be too much for their lower wage workers to afford. The small business owners who do not offer insurance currently feel this particularly strongly; they say their workers who earn \$13 an hour or less could not afford the maximum out-of-pocket expenses with this plan. Additionally, employers are leery of copayments that are in percentages because the copayment amounts are vague and leave them worrying about how much their employees will have to pay out-of-pocket. Employers prefer definite amounts, as provided in Plan E. Nonetheless, some say the lower premium with this plan would make health coverage more of an option for their companies.

Plan K	
Monthly premium:	\$300 individual/\$450 family
Annual deductible:	\$2,500 individual/\$5,000 family
Maximum out-of-pocket:	\$3,500 individual/\$7,000 family
Inpatient hospitalization:	10% in network/30% out of network
Outpatient hospitalization:	10% in network/30% out of network
Doctor's visit copayment:	\$10
Specialist copayment:	10% in network/30% out of network
Emergency copayment:	10% in network/30% out of network
Prescription copayment:	\$5/\$15/\$25

Uninsured workers did not like this plan for many reasons. The high out-of-pocket expenses concern them most; they reveal they could not afford these costs. Others dislike the percentages involved with this plan. Like employers, workers prefer copays in dollar amounts because they fear copays in percentages could mean high out-of-pocket costs for them. Many also do not like the mention of “in network/out-of-network” because it suggests a managed care plan and limited choice, which worries them.

**Many employers and workers find Plan F confusing, but a few small businesses and concerned businesses owners find the low premiums very appealing.** Many did not initially understand that coverage for the first \$500 of health services under this plan would be at 100 percent.. Uninsured workers, in particular, fail to see that this kind of plan could benefit those

younger, healthier workers who might only use a few health services (which would be covered at 100 percent by the plan). Rather, what uninsured workers notice was the potential for very large out-of-pocket expenses under this plan. Indeed, when they see that the deductible is in addition to the \$5,000 out-of-pocket expenses, most workers reject it immediately.

Plan F	
Monthly premium:	\$250 individual/\$375 family
Annual deductible:	\$3,000 individual/\$6,000 family
Maximum out-of-pocket:	\$5,000 individual/\$10,000 family + deductible
Prescription copayment:	\$15/\$25/\$40
For hospitalization, doctor's visit, specialist care, and emergency care: First \$500 individual or \$1000 family covered at 100%. After deductible pay 20% in network or 40% out of network. Separate deductible for in and out of network services.	

Small businesses and concerned business owners also acknowledge that there is greater risk to the employee under this plan, but a few view the lower premium as a reasonable trade-off for this risk. Employers could see this plan as catastrophic coverage with the advantage that healthy workers could get physicals and have the occasional illness treated using the \$500 covered at 100 percent.

***“As an employer I like Plan F, because it’s the cheapest. But for my employees...it may not be the best.”***

*--Concerned business owner*

## DIRIGO HEALTH

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After discussing the various health plan models, participants were asked about their general impressions of Dirigo. Here is what they said:

**There is little knowledge of Dirigo Health Plan among small businesses or employees. Brokers and concerned business people feel they have more knowledge of Dirigo, but their information is often inaccurate.** Some have heard of Dirigo, but few have accurate information about it. The few who know about it think that it is a health plan for low-income or uninsured people sponsored by the state. The concerned business owners describe it as a “single- payer plan proposed by the government” and compare it to the Canadian system. This suggests there is a real opportunity to inform people about Dirigo, either pro or con. While little is currently known, people say they are interested in learning more about Dirigo.

*“It’s kind of hard to understand...they really haven’t given us facts and figures of how the program will be structured, what type of benefits offered and how much it will cost.”*

*--Small business owner*

**Once they learn more about Dirigo, most participants find much about it appealing.** The following aspects of Dirigo are attractive to many participants in this study, including the concerned business owners who have opposed Dirigo:

- Dirigo is not a wholesale change to Maine’s health system; it is not a single-payer, Canadian-style plan, although concerned business people initially think that it is.
- Dirigo works through the current employer-based system of health care.
- The state government’s role is to financially assist employers and employees who cannot afford to offer/obtain insurance on their own, not to administer the program.
- A private company might administer Dirigo. This could assuage the fears of business owners who worry that the plan will reduce quality care, lead to rationing of care, and create a large government bureaucracy.
- Dirigo will reduce the number of uninsured in Maine.
- Dirigo is voluntary – businesses do not have to participate if they do not want to or cannot afford to.
- Maine’s Chamber of Commerce supports Dirigo. (The Chamber was cited as a trusted source on this topic).
- Dirigo addresses the essential needs for health care; it covers the services that Mainers feel are most important in a health plan.

**The most effective incentive for getting a business to sign up with Dirigo is to ensure affordability.** Getting businesses to enroll in Dirigo seems dependent on the cost attached to it. If a small business perceives that the premium cost is too high, it will not sign up. For those businesses not currently offering health insurance, a premium that is lower than what is currently in the market is the main incentive to sign up for Dirigo. Also, hearing that they could get help from the state to make it possible to afford coverage was also an incentive for employers. Many thought the cost point discussed in the groups was fair and reasonable, but many said they need help paying the entire amount (\$420 per individual). Most said that they could afford \$200 and that the employee would have to shoulder the rest.

The point is that most of the small employers in this study do, in fact, want to offer coverage, but cite cost as the main reason why they are not able to do so at this time. Very few said they were opposed to offering coverage because of such issues as high turnover and seasonal employees. Most just cannot afford it. Most employers say they have looked into offering coverage, but they have been too intimidated by the costs they have seen. Dirigo did not seem to elicit this sticker shock, and many thought its price was lower than costs they have seen in the commercial markets, so Dirigo got their attention.

**Employers are willing to consider trade-offs in benefits to decrease premium costs.** As noted above, business owners are extremely cost-conscious. They are willing to reduce benefits or increase deductibles in order to reduce the premiums of a health insurance policy. For example, employers feel it is reasonable to increase the emergency room copayment to \$100 from \$50 if it lowers the premium. They also feel that this would discourage profligate use of the emergency room. Business owners also feel it is reasonable to require those enrolled in Dirigo to travel to Portland or Boston for some specialist care. Indeed, they say that most people do that now because the selection of specialists is greater in those cities. The bottom-line is that employers feel that trade-offs that decrease benefits are good as long as the cost to the enrollee is not prohibitive, as is illustrated by the high out-of-pocket costs in plans F and K.

**But there are aspects of Dirigo that split participants as well.** These include the following:

- **Premium Amount:** The premium amount for Dirigo that was tested in the focus groups (\$420 a month for individuals/\$650 for families) gets a divided response. All participants think that the family premium is low, while some consider the individual premium reasonable and others think it is high (although not necessarily for the type of plan offered). What is most important is that some small business owners still see a \$420 premium as higher than they can afford if they have to pay the entire premium amount. For example, a few small businesses that currently offer insurance and the concerned business owners say the premium is lower or comparable to what they currently offer their workers. However, many small businesses that do not offer insurance and a number of the uninsured participants feel that this premium amount is more than they could afford even if they shared costs. Ultimately, some workers and employers would need assistance to afford this premium amount.
- **Deductibles and Maximum Out-of-Pocket Expenses:** Uninsured workers want to keep these down; they fear the potential for large out-of-pocket expenses with two of the plans

(F and K). Dirigo was appealing to these workers despite the higher premium, because it seems to cap the total out-of-pocket expenses a family could expect to pay at an affordable amount. In contrast, small businesses and identified concerned business owners seem much more focused on keeping premium costs down. Employers, particularly in Portland, were less concerned about their workers incurring large bills if they need to use many health services.

- **Outside Portland, employers are more likely to view all of the costs together.** Employers in Auburn and Bangor are concerned that with high deductibles, the insurance would not be worthwhile for their employees. As one employer noted, “Three thousand dollars out-of-pocket is already a catastrophe for my employees.” However, this contrast may also be attributable to the employers outside Portland needing this insurance themselves, while many of the employers in Portland have health insurance through a source other than their business.

**There are also ways in which support for Dirigo can be eroded quickly.** These negative arguments tend to rely on misinformation or lack of familiarity with Dirigo, which underscores the importance of quickly putting accurate information about Dirigo in front of brokers, businesses, and consumers. These negative arguments include:

- **Dirigo was pushed through the legislature without sufficient time for study and refining.** Many business owners, especially the concerned business owners, and insurance brokers are concerned that Dirigo has been pushed ahead too quickly. They feel that there has not been sufficient time to learn about Dirigo, how it will work, how it will be financed, and how it will be administered. There is a sense among business owners and brokers that there was too great a push to get Dirigo started. They are concerned that without more time to scrutinize Dirigo, there may be flaws in the plan that will cause it to fail when it is finally instituted.
- **Dirigo will cost the state a lot of money in a time of tight budgets.** In several focus groups, the attempt to explain the financing of Dirigo met with confusion, and some questioned its credibility. Many business owners believe Dirigo will require a substantial outlay from the state, which in turn will mean large tax increases. Others say that Maine is not in good enough financial shape to afford Dirigo. Clearly and definitively explaining how Dirigo will be funded will be perhaps the biggest challenge.
- **Dirigo is a single-payer health care system.** Some brokers and concerned business owners believe that is where Dirigo is headed, and that will lose support for the plan because most people seem to prefer the current employer-based system. Therefore, messaging should make it clear that Dirigo is not a single-payer system, but a plan that works within the current system.
- **Similarly, some will assume that Dirigo is a single-payer plan unless they learn otherwise.** Opponents to Dirigo only need to make comparisons to a “Canadian-style plan” for potential support for Dirigo to drop. Concerned business owners and a few

small business owners are already making this comparison. The longer this misinformation is allowed to circulate, the harder it will be to refute it.

- **Some fear that the state government will have a larger role in Dirigo than, in fact, it will.** Business owners express concern that the state government will be involved in administering their health care. They worry about rationing, lower quality care, and limits on their access to doctors, procedures, or medications. They especially worry about bureaucrats making decisions about which services, procedures, or medications are allowed under the plan.

## IMPLICATIONS

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A number of implications for the Dirigo Health Plan have been gained from these focus groups and in-depth interviews. They include:

**Few people currently have a good understanding of Dirigo.** Mainers need basic information soon so that they can begin to understand what Dirigo will mean to them and the state. Although they do not need to be overwhelmed with many details about how Dirigo will work, it could prove helpful to begin immediately disseminating general information, even if the final details of the plan are not yet worked out. Dirigo needs to avoid a vacuum of information that allows its opponents to play on people's fears (since those negative arguments tend to be powerful, even when based on misinformation). Rather, Dirigo needs to start releasing accurate general information about the plan and how it will function so that, as the launch date nears, people are ready to hear about the details and are not already turned against the plan by opponents filling the void with misinformation.

**Concerned business owners fear that Dirigo represents a move toward a single-payer system in Maine.** Concerned business owners see Dirigo as a single-payer system; a few small businesses also hold that view. It is key that Dirigo be described as “working within Maine’s current system of health care” and is a way to help “small businesses and uninsured workers pay for their health coverage.” Otherwise, these constituencies may believe that Dirigo is an entirely new program that scraps the current system for one full of unknowns.

**Dirigo’s biggest concern should be that opponents’ messages are powerful.** Although these negative messages about a single-payer system are old, they are nonetheless effective. Dirigo’s best investment, therefore, is a well-constructed awareness campaign to build solid support for Dirigo among employers and workers and to take away the opportunity for opponents to use these negative arguments.

**Ultimately, messages about Dirigo should stress that it is “a voluntary plan in which the state helps businesses and workers afford health care, that it offers high quality care and a comprehensive list of health services, and that it is sold and administered by private insurers.”** It is important that Dirigo appear familiar to Mainers. It is also important to stress that businesses will still be the primary way that most working Mainers will obtain their health coverage. It is also important that the premium costs of Dirigo are comparable to or even less than what is available already, and that businesses and workers who cannot afford these premiums may be eligible for state subsidies. It is also important to stress that Dirigo was not designed to be a burden for employers, but rather, to provide a means for small businesses to offer affordable and comprehensive health insurance to their workers.

**The Dirigo model tested in the focus groups seems like a balanced plan that will have appeal.** While some in the focus groups feel the premium amount is higher than they can afford, most feel it is reasonable, and uninsured workers express a clear preference for this plan despite the higher premiums. Stressing that businesses do not have to pay the entire premium and that employers, employees, and the state will share the costs will help deflate the sticker-shock that

some small businesses have. The Dirigo Plan seems to have most of what Mainers say they look for in a health plan and will be appealing to many.

**Dirigo could appeal to concerned business owners.** Although initially wary, these business owners have seen that Dirigo has many elements that make it attractive (for example, that it works through employers, that the premiums are reasonable, that a private company will administer it, and that it is voluntary). This suggests that some opponents of Dirigo could be won over when they hear the details of the plan.

**It is important to inform brokers and get them on Dirigo's side.** Business owners often cite brokers as their most credible advisors on health insurance, and brokers see themselves in that role, as well. Dirigo would be well-served if it focused its information and education efforts on brokers, which could increase positive word-of-mouth and create credibility for the plan. If Dirigo can also bring brokers into the design and implementation processes, this could help to win them over. Two-way communication with brokers will lend credibility to Dirigo's efforts and be likely to win over brokers to the plan. Then, through brokers, business owners can be educated and assured of the quality of the plan.

