

# MAINE STATE LEGISLATURE

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L.D. 1828

DATE: 1-29-04

(Filing No. H-652)

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
121ST LEGISLATURE  
SECOND REGULAR SESSION

HOUSE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 1351, L.D. 1828, Bill, "An Act To Make Supplemental Appropriations and Allocations for the Expenditures of State Government and To Change Certain Provisions of the Law Necessary for the Proper Operations of State Government for the Fiscal Years Ending June 30, 2004 and June 30, 2005"

Amend the amendment by inserting after Part CC the following:

PART DD

Sec. DD-1. 22 MRSA §3174-G, sub-§4 is enacted to read:

4. Limitation. The authority of the department pursuant to subsection 1, paragraphs B, C, D and E to provide coverage above the financial eligibility limits in effect on January 1, 2004, as enacted in Public Law 2003, chapter 469, Part A, section 5, is limited by the funding available to Dirigo Health to provide the state match for federal Medicaid dollars for the purchase of coverage for those persons. Pursuant to Title 24-A, section 6914, available funding may not include money collected as a savings offset payment pursuant to Title 24-A, section 6913.

Sec. DD-2. 24-A MRSA §6910, sub-§1, as enacted by PL 2003, c. 469, Pt. A, §8, is amended to read:

1. Dirigo Health Insurance. Dirigo Health shall arrange for the provision of health benefits coverage through Dirigo Health Insurance not later than October 1, 2004, except that coverage for persons eligible under the Medicaid expansion

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2 authorized in Public Law 2003, chapter 469, Part A, section 5 may  
3 not begin until February 1, 2006. Dirigo Health Insurance must  
4 comply with all relevant requirements of this Title. Dirigo  
5 Health Insurance may be offered by health insurance carriers that  
6 apply to the board and meet qualifications described in this  
7 section and any additional qualifications set by the board.

8 **Sec. DD-3. 24-A MRSA §6913, sub-§§1, 3 and 7,** as enacted by PL  
9 2003, c. 469, Pt. A, §8, are amended to read:

10  
11 **1. Determination of cost savings.** After an opportunity for  
12 a hearing conducted pursuant to Title 5, chapter 375, subchapter  
13 4, the board shall determine annually not later than April the  
14 aggregate measurable cost savings, including any reduction or  
15 avoidance of bad debt and charity care costs to health care  
16 providers in this State as a result of the operation of Dirigo  
17 Health and any increased enrollment due to an expansion in  
18 MaineCare eligibility occurring ~~after June 30, 2004~~ on February  
19 1, 2006.

20  
21 **3. Maximum savings offset payments on health insurance**  
22 **carriers and employee benefit excess insurance carriers.** Each  
23 health insurance carrier and employee benefit excess insurance  
24 carrier must pay a savings offset in an amount not to exceed 4.0%  
25 of annual health insurance premiums and employee benefit excess  
26 insurance premiums on policies issued pursuant to the laws of  
27 this State that insure residents of this State. The savings  
28 offset payment may not exceed savings resulting from decreasing  
29 rates of growth in the State's health care spending and bad debt  
30 and charity care costs. The savings offset payment applies to  
31 premiums paid on or after July 1, 2005. Savings offset payments  
32 must reflect aggregate measurable cost savings, including any  
33 reduction or avoidance of bad debt and charity care costs to  
34 health care providers in this State, as a result of the operation  
35 of Dirigo Health and any increased enrollment due to an expansion  
36 in MaineCare eligibility occurring ~~after June 30, 2004~~ on  
37 February 1, 2006, as determined by the board consistent with  
38 subsection 1. A health insurance carrier and employee benefit  
39 excess insurance carrier may not be required to pay a savings  
40 offset payment on policies or contracts insuring federal  
41 employees.

42  
43 **7. Demonstration of recovery of savings offset payments**  
44 **through reduction in rate of growth in State's health spending**  
45 **and bad debt and charity care.** In accordance with the  
46 requirements of this subsection, every health insurance carrier  
47 and health care provider shall demonstrate that best efforts have  
48 been made to ensure that a carrier has recovered savings offset  
49 payments made pursuant to this section through negotiated  
50 reimbursement rates that reflect health care providers'

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HOUSE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 1351, L.D. 1828

2 reductions or stabilization in the cost of bad debt and charity  
care as a result of the operation of Dirigo Health and any  
4 increased enrollment due to an expansion in MaineCare eligibility  
occurring ~~after June 30, 2004~~ on February 1, 2006.

6 A. A health insurance carrier shall use best efforts to  
ensure health insurance premiums reflect any such recovery  
8 of savings offset payments as those savings offset payments  
are reflected through incurred claims experience in  
10 accordance with subsection 9.

12 B. During any negotiation with a health insurance carrier  
relating to a health care provider's reimbursement agreement  
14 with that carrier, a health care provider shall provide data  
relating to any reduction or avoidance of bad debt and  
16 charity care costs to health care providers in this State,  
as a result of the operation of Dirigo Health and as a  
18 result of any increased enrollment due to an expansion in  
MaineCare eligibility occurring ~~after June 30, 2004~~ on  
20 February 1, 2006.

22 **Sec. DD-4. 24-A MRSA §6913, sub-§8, ¶C**, as enacted by PL 2003,  
c. 469, Pt. A, §8, is amended to read:

24 C. Health insurance carriers and health care providers  
26 shall report annually, beginning March 1, 2005 and  
thereafter, information regarding the experience of a prior  
28 12-month period on the efforts undertaken by the carrier and  
provider to recover savings offset payments, as reflected in  
30 reimbursement rates, through a reduction or stabilization in  
bad debt and charity care costs as a result of the operation  
32 of Dirigo Health and any increased enrollment due to an  
expansion in MaineCare eligibility occurring ~~after June 30,~~  
34 ~~2004~~ on February 1, 2006. The board shall determine the  
appropriate format for the report and utilize existing data  
36 on file with state agencies or other organizations to  
minimize duplication. The report must be submitted to the  
38 board. Using the information submitted by carriers and  
providers, the board shall submit a summary of that  
40 information by October 1, 2005 and annually thereafter.

42 **Sec. DD-5. 24-A MRSA §6913, sub-§9**, as enacted by PL 2003, c.  
44 469, Pt. A, §8, is amended to read:

46 **9. Demonstration of offset.** As provided in sections  
2736-C, 2808-B and 2839-B, the claims experience used to  
48 determine any filed premiums or rating formula must reasonably  
reflect, in accordance with accepted actuarial standards, known  
changes and offsets in payments by the carrier to health care  
50 providers in this State, including any reduction or avoidance of

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bad debt and charity care costs to health care providers in this State as a result of the operation of Dirigo Health and any increased enrollment due to an expansion in MaineCare eligibility occurring ~~after June 30, 2004~~ on February 1, 2006 as determined by the board consistent with subsection 1.

**Sec. DD-6. 24-A MRSA §6914**, as enacted by PL 2003, c. 469, Pt. A, §8, is amended to read:

**§6914. Intragovernmental transfer**

Starting ~~July 1, 2004~~ February 1, 2006, Dirigo Health shall transfer funds, as necessary, to a special dedicated, nonlapsing revenue account administered by the agency of State Government that administers MaineCare for the purpose of providing a state match for federal Medicaid dollars. Dirigo Health shall annually set the amount of contribution. The transfer may not include money collected as a savings payment offset payment pursuant to section 6913.

**Sec. DD-7. PL 2003, c. 469, Pt. A, §9** is amended to read:

**Sec. A-9. Monthly report.** The Department of Human Services shall provide a monthly report of enrollment and expenditures for the noncategorical adults enrolled in the MaineCare program under the Maine Revised Statutes, Title 22, section 3174-G, subsection 1, paragraph F. The Beginning with the first report after February 1, 2006, the report must include the number of members, expenses and projections for expenses in the state fiscal year for members enrolled under the expansion of income eligibility under Title 22, section 3174-G, subsection 1, paragraph F from 100% of the nonfarm income official poverty line to 125% of the nonfarm income official poverty line.

**Sec. DD-8. PL 2003, c. 469, Pt. A, §11** is amended to read:

**Sec. A-11. Effective date.** That section of this Part that amends the Maine Revised Statutes, Title 22, section 3174-G, subsection 1 takes effect on ~~the date that coverage is first provided to eligible employees and eligible individuals under Dirigo Health Insurance as established in Title 24-A, section 6910~~ February 1, 2006.

**Sec. DD-9. Appropriations and allocations.** The following appropriations and allocations are made.

**HUMAN SERVICES, DEPARTMENT OF**

**Medical Care - Payments to Providers**

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HOUSE AMENDMENT "C" to COMMITTEE AMENDMENT "A" to H.P. 1351,  
L.D. 1828

Initiative: Deallocates funds as a result of the delay in the  
expansion of Medicaid eligibility under the Dirigo Health program.

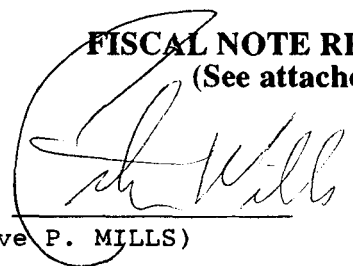
4	<b>Federal Expenditures Fund</b>	<b>2003-04</b>	<b>2004-05</b>
6	All Other	\$0	(\$46,516,263)
8	Federal Expenditures Fund Total	0	(46,516,263)
10	<b>Other Special Revenue Funds</b>	<b>2003-04</b>	<b>2004-05</b>
12	All Other	0	(23,952,246)
14	Other Special Revenue Funds Total	0	(23,952,246)
16	<b>HUMAN SERVICES, DEPARTMENT OF</b>		
18	<b>DEPARTMENT TOTALS</b>	<b>2003-04</b>	<b>2004-05</b>
20	<b>FEDERAL EXPENDITURES FUND</b>	0	(46,516,263)
22	<b>OTHER SPECIAL REVENUE FUNDS</b>	0	(23,952,246)
24	<b>DEPARTMENT TOTAL - ALL FUNDS</b>	<b>\$0</b>	<b>(\$70,468,509)</b>

Further amend the amendment by relettering or renumbering  
any nonconsecutive Part letter or section number to read  
consecutively.

**SUMMARY**

This amendment changes the date that Medicaid coverage of  
certain elderly and disabled individuals, children, infants, the  
parent or caretaker of certain infants or children and pregnant  
women would take effect from the date that coverage is first  
provided to eligible employees and eligible individuals under  
Dirigo Health Insurance as established in the Maine Revised  
Statutes, Title 24-A, section 6910 to February 1, 2006.

**FISCAL NOTE REQUIRED**  
(See attached)



SPONSORED BY:  
(Representative P. MILLS)

TOWN: Cornville

**HOUSE AMENDMENT**

**121st Maine Legislature  
Office of Fiscal and Program Review**

**LD 1828**

**An Act to Make Supplemental Appropriations and Allocations for  
the Expenditures of State Government and to Change Certain  
Provisions of the Law Necessary for the Proper Operations of State  
Government for the Fiscal Years Ending June 30, 2004 and June  
30, 2005**

**LR 2700(06)**

**Fiscal Note for House Amendment " " to Committee Amendment "A"**

**Sponsor: Rep. Mills**

**Fiscal Note Required: Yes**

**Fiscal Note**

	2003-04	2004-05
<b>Net Cost (Savings)</b>		
General Fund	\$0	\$0
<b>Appropriations/Allocations</b>		
Federal Expenditures Fund	\$0	(\$46,516,263)
Other Special Revenue Funds		(\$23,952,246)
<b>Revenue</b>		
Federal Expenditures Fund	\$0	(\$46,516,263)

**Fiscal Detail and Notes**

Delaying the effective date of the Medicaid eligibility expansions authorized under the Dirigo Health legislation will delay the availability of Federal matching funds available to the Dirigo Health program. State resources designated for use by the program -- both the one-time transfer from the General Fund and Other Special Revenue funds (employer, employee, and individual contributions) -- would still be available for use by the Dirigo Board to fund program benefits and costs (still to be determined). The delay would also temporarily reduce the liability of Dirigo to pay for the MaineCare costs of individuals who enroll in MaineCare as individuals outside of a Dirigo Health plan.