

# MAINE STATE LEGISLATURE

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M  
RAB

L.D. 1919

DATE: 4-15-04

(Filing No. H-927)

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

HOUSE AMENDMENT "M" to COMMITTEE AMENDMENT "A" to H.P. 1420, L.D. 1919, Bill, "An Act To Make Supplemental Appropriations and Allocations for the Expenditures of State Government and To Change Certain Provisions of the Law Necessary to 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 EEEE the following:

PART FFFF

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

1. Determination of cost savings. After an opportunity for a hearing conducted pursuant to Title 5, chapter 375, subchapter 4, the board shall determine annually not later than April the aggregate measurable cost savings, including any reduction or avoidance of 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.~~

3. Maximum savings offset payments on health insurance carriers and employee benefit excess insurance carriers. Each health insurance carrier and employee benefit excess insurance carrier must pay a savings offset in an amount not to exceed 4.0% of annual health insurance premiums and employee benefit excess insurance premiums on policies issued pursuant to the laws of this State that insure residents of this State. The savings

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2 offset payment may not exceed savings resulting from decreasing  
3 rates of growth in the State's health care spending and bad debt  
4 and charity care costs. The savings offset payment applies to  
5 premiums paid on or after July 1, 2005. Savings offset payments  
6 must reflect aggregate measurable cost savings, including any  
7 reduction or avoidance of bad debt and charity care costs to  
8 health care providers in this State, as a result of the operation  
9 of Dirigo Health and ~~any increased enrollment due to an expansion  
10 in MaineCare eligibility occurring after June 30, 2004~~, as  
11 determined by the board consistent with subsection 1. A health  
12 insurance carrier and employee benefit excess insurance carrier  
13 may not be required to pay a savings offset payment on policies  
14 or contracts insuring federal employees.

16 **7. Demonstration of recovery of savings offset payments  
17 through reduction in rate of growth in State's health spending  
18 and bad debt and charity care.** In accordance with the  
19 requirements of this subsection, every health insurance carrier  
20 and health care provider shall demonstrate that best efforts have  
21 been made to ensure that a carrier has recovered savings offset  
22 payments made pursuant to this section through negotiated  
23 reimbursement rates that reflect health care providers'  
24 reductions or stabilization in the cost of bad debt and charity  
25 care as a result of the operation of Dirigo Health and ~~any  
26 increased enrollment due to an expansion in MaineCare eligibility  
occurring after June 30, 2004~~.

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

34 B. During any negotiation with a health insurance carrier  
35 relating to a health care provider's reimbursement agreement  
36 with that carrier, a health care provider shall provide data  
37 relating to any reduction or avoidance of bad debt and  
38 charity care costs to health care providers in this State,  
39 as a result of the operation of Dirigo Health and ~~as a  
40 result of any increased enrollment due to an expansion in  
MaineCare eligibility occurring after June 30, 2004~~.

42 **Sec. FFFF-2. 24-A MRSA §6913, sub-§8, ¶C,** as enacted by PL  
44 2003, c. 469, Pt. A, §8, is amended to read:

46 C. Health insurance carriers and health care providers  
47 shall report annually, beginning March 1, 2005 and  
48 thereafter, information regarding the experience of a prior  
49 12-month period on the efforts undertaken by the carrier and  
50 provider to recover savings offset payments, as reflected in

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2 reimbursement rates, through a reduction or stabilization in  
3 bad debt and charity care costs as a result of the operation  
4 of Dirigo Health and ~~any increased enrollment due to an~~  
5 ~~expansion in MaineCare eligibility occurring after June 30,~~  
6 2004. The board shall determine the appropriate format for  
7 the report and utilize existing data on file with state  
8 agencies or other organizations to minimize duplication. The  
9 report must be submitted to the board. Using the information  
10 submitted by carriers and providers, the board shall submit  
11 a summary of that information by October 1, 2005 and  
12 annually thereafter.

13 **Sec. FFFF-3. 24-A MRSA §6913, sub-§9,** as enacted by PL 2003,  
14 c. 469, Pt. A, §8, is amended to read:

15 **9. Demonstration of offset.** As provided in sections  
16 2736-C, 2808-B and 2839-B, the claims experience used to  
17 determine any filed premiums or rating formula must reasonably  
18 reflect, in accordance with accepted actuarial standards, known  
19 changes and offsets in payments by the carrier to health care  
20 providers in this State, including any reduction or avoidance of  
21 bad debt and charity care costs to health care providers in this  
22 State as a result of the operation of Dirigo Health and ~~any~~  
23 ~~increased enrollment due to an expansion in MaineCare eligibility~~  
24 ~~occurring after June 30, 2004~~ as determined by the board  
25 consistent with subsection 1.  
26

27 **Sec. FFFF-4. 24-A MRSA §6915,** as enacted by PL 2003, c. 469,  
28 Pt. A, §8, is amended to read:

29 **§6915. Dirigo Health Fund**

30  
31 The Dirigo Health Fund is created as a dedicated fund for  
32 the deposit of any funds advanced for initial operating expenses,  
33 payments made by employers and individuals, any savings offset  
34 payments made pursuant to section 6913 and any funds received  
35 from any public or private source except as provided in this  
36 section. Beginning July 1, 2004, with the exception of funding  
37 appropriated in Public Law 2003, chapter 469, General Fund money  
38 may not be used directly or indirectly through the fund to  
39 provide coverage for a Dirigo Health Insurance enrollee or a  
40 dependent of the enrollee. The fund may not lapse, but must be  
41 carried forward to carry out the purposes of this chapter.  
42

43 **Sec. FFFF-5. PL 2003, c. 469, Pt. A, §5** is repealed.

44 **Sec. FFFF-6. PL 2003, c. 469, Pt. A, §9** is amended to read:

45 **Sec. A-9. Monthly report.** The Department of Human Services  
46 shall provide a monthly report of enrollment and  
47  
48  
49  
50

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HOUSE AMENDMENT "M" to COMMITTEE AMENDMENT "A" to H.P. 1420,  
L.D. 1919

2 expenditures for the noncategorical adults enrolled in the  
MaineCare program under the Maine Revised Statutes, Title 22,  
4 section 3174-G, subsection 1, paragraph F. The report must  
include the number of members, expenses and projections for  
6 expenses in the state fiscal year for members enrolled under the  
~~expansion of income eligibility from 100% of the nonfarm income~~  
~~official poverty line to 125% of the nonfarm income official~~  
8 poverty line Title 22, section 3174-G, subsection 1, paragraph  
F. If enrollment has been discontinued under that section, the  
10 report must include enrollment projections for the next calendar  
quarter.'

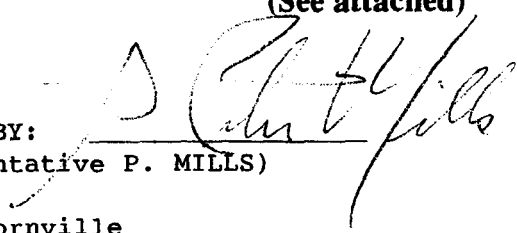
12 Sec. FFFF-7. PL 2003, c. 469, Pt. A, §11 is repealed.

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

18  
20 **SUMMARY**

22 This amendment repeals increases in MaineCare financial  
eligibility enacted in Public Law 2003, chapter 469. Beginning  
24 July 1, 2004, with the exception of funding appropriated in the  
Dirigo Health law in 2003, the amendment prohibits the use of  
26 General Fund money, directly or indirectly, to pay for coverage  
for a Dirigo Health Insurance enrollee or a dependent of the  
28 enrollee.

30 **FISCAL NOTE REQUIRED**  
32 (See attached)

34  
36 SPONSORED BY:   
(Representative P. MILLS)

38 TOWN: Cornville  
40

**HOUSE AMENDMENT**

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



**LD 1919**

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

**LR 2833(14)**

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

**Sponsor: Rep. Mills**

**Fiscal Note Required: Yes**

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**Fiscal Note**

**Fiscal Detail and Notes**

This amendment will have no net effect on General Fund appropriations and revenue and a balanced budget is maintained for the 2004-2005 biennium.