

MAINE STATE LEGISLATURE

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ONLY
ROB S

L.D. 1345

Date: 3/31/14

Majority

(Filing No. H-771)

INSURANCE AND FINANCIAL SERVICES

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STATE OF MAINE

HOUSE OF REPRESENTATIVES

126TH LEGISLATURE

SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 962, L.D. 1345, Bill, "An Act To Establish a Single-payor Health Care System To Be Effective in 2017"

Amend the bill by striking out the title and substituting the following:

'Resolve, To Study the Design and Implementation of Options for a Universal Health Care Plan in the State That Is in Compliance with the Federal Patient Protection and Affordable Care Act'

Amend the bill by striking out everything after the title and before the summary and inserting the following:

'Sec. 1. Purpose. Resolved: That it is the intent of the Legislature to ensure that all Maine residents have access to and coverage for affordable, quality health care. While the Legislature supports a national universal system of health care, until such federal legislation is enacted, it is the intent of the Legislature to study the design and implementation of a universal health care plan that complies with the requirements for innovation waivers available to states pursuant to the federal Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the federal Health Care and Education Reconciliation Act of 2010, Public Law 111-152, referred to in this resolve as "the Affordable Care Act"; and be it further

Sec. 2. Consultant; proposal. Resolved: That the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters, referred to in this resolve as "the committee," shall solicit the services of one or more outside consultants to work with the committee to propose by December 2, 2015 to the Legislature at least 3 design options, including implementation plans, for creating a universal system of health care that ensures all Maine residents have access to and coverage for affordable, quality health care services that meet the principles and goals outlined in this resolve. By October 15, 2015, the consultant shall release a draft of the design options to the public, including the data used by the consultant to develop the design options, and provide 30 days for public review and the submission of comments on the design options. The consultant shall review and consider the public comments and

COMMITTEE AMENDMENT

revise the draft design options as necessary prior to the final submission to the committee; and be it further

Sec. 3. Design options. Resolved: That the consultant's proposal under section 2 must contain the analysis and recommendations as provided for in this section.

1. The proposal must include the following design options:

A. A design for a government-administered and publicly financed single-payor health benefits system that is decoupled from employment, that prohibits insurance coverage for the health services provided by the system and that allows for private insurance coverage of only supplemental health services;

B. A design for a universal health benefits system with integrated delivery of health care and integrated payment systems for all individuals that is centrally administered by State Government or an entity under contract with State Government; and

C. A design for a public health benefit option administered by State Government or an entity under contract with State Government that allows individuals to choose between the public option and private insurance coverage and allows for fair and robust competition among public and private plans.

Additional options may be designed by the consultant, in consultation with the committee, taking into consideration the parameters described in this section.

Each design option must include sufficient detail to allow the Legislature to consider the adoption of one design and to determine an implementation plan for that design during the Second Regular Session of the 127th Legislature and to initiate implementation of the new system through a phased process beginning no later than January 1, 2018, including the submission of any necessary waivers pursuant to federal law.

2. In creating the design options under subsection 1, the consultant shall review and consider the following fundamental elements:

A. The findings and reports from previous studies of health care reform in the State, including the December 2002 document titled "Feasibility of a Single-Payer Health Care Model for the State of Maine" produced by Mathematica Policy Research, Inc., and studies and reports provided to the Legislature;

B. The State's current health care reform efforts;

C. The health care reform efforts in other states, including any efforts in other states to develop state innovation waivers for universal health coverage plans as an alternative to the Affordable Care Act; and

D. The Affordable Care Act; the federal Employee Retirement Income Security Act of 1974, as amended; and the Medicare program, the Medicaid program and the State Children's Health Insurance Program under Titles XVIII, XIX and XXI, respectively, of the federal Social Security Act.

3. The design options under subsection 1 must maximize federal funds to support the system and be composed of the following components as described in this subsection:

A. A payment system for health services that includes one or more packages of health services providing for the integration of physical and mental health services;

- 1 budgets, payment methods and a process for determining payment amounts; and cost-
2 reduction and cost-containment mechanisms;
- 3 B. Coordinated regional delivery systems;
- 4 C. Health system planning, regulation and public health;
- 5 D. Financing and estimated costs, including federal financing; and
- 6 E. A method to address compliance of the proposed design option or options with
7 federal law. Unless specifically authorized by federal law, the proposed design
8 options must provide coverage supplemental to coverage available under the
9 Medicare program of the federal Social Security Act, Title XVIII and the federal
10 TRICARE program, 10 United States Code, Chapter 55.
- 11 4. The design options under subsection 1 must include the following components:
- 12 A. A payment system for health services that is aligned with the State's innovation
13 model project to advance delivery system and payment reform initiatives already in
14 place throughout the State and that is consistent with the terms and conditions of any
15 federal grant awarded to the State's innovation model project;
- 16 B. A benefit package or packages of health services that meet the requirements of the
17 Affordable Care Act and provide for the integration of physical and mental health,
18 including access to and coverage for primary care, preventive care, chronic care,
19 acute episodic care, palliative care, hospice care, hospital services, prescription drugs
20 and mental health and substance abuse services;
- 21 C. A method for administering payment for health services, which may include
22 administration by a government agency, under an open bidding process soliciting
23 bids from insurance carriers or 3rd-party administrators, through a private nonprofit
24 insurer or 3rd-party administrator, through private insurers or from a combination
25 thereof;
- 26 D. Enrollment processes;
- 27 E. Integration of pharmacy best practices and cost control programs and other
28 mechanisms to promote evidence-based prescribing, clinical efficacy and cost
29 containment, such as a single statewide preferred drug list, prescriber education or
30 utilization reviews;
- 31 F. Appeals processes for decisions made by entities or agencies administering
32 coverage for health services;
- 33 G. A recommendation for budgets and payment methods and a process for
34 determining payment amounts. Payment methods for mental health services must be
35 consistent with mental health parity. The design options must consider:
- 36 (1) Recommending a global health care budget when it is appropriate to ensure
37 cost containment by a health care facility, a health care provider, a group of
38 health care professionals or a combination thereof. Any recommendation must
39 include a process for developing a global health care budget, including
40 circumstances under which an entity may seek an amendment of its budget;
- 41 (2) Payment methods to be used for each health care sector that are aligned with
42 the goals of this section and provide for cost containment, provision of high-

- 1 quality, evidence-based health services in a coordinated setting, patient self-
2 management and healthy lifestyles; and
- 3 (3) What process or processes are appropriate for determining payment amounts
4 with the intent to ensure reasonable payments to health care professionals and
5 providers and to eliminate the shift of costs between the payors of health services
6 by ensuring that the amount paid to health care professionals and providers is
7 sufficient. Payment amounts must be sufficient to provide reasonable access to
8 health services, provide sufficient uniform payments to health care professionals
9 and assist in creating financial stability for health care professionals. Payment
10 amounts for mental health services must be consistent with mental health parity;
- 11 H. Cost-reduction and cost-containment mechanisms;
- 12 I. A regional health system that ensures that the delivery of health services to the
13 citizens of the State is coordinated in order to improve health outcomes, improve the
14 efficiency of the health system and improve patients' experiences of health services;
15 and
- 16 J. Health system planning and regulation and public health.
- 17 5. The design options under subsection 1 must consider financing and estimated
18 costs, including federal financing. The design options must provide:
- 19 A. An estimate of the total costs of the design options, including any additional costs
20 for providing access to and coverage for health services to the uninsured and
21 underinsured, any estimated costs necessary to build a new system and any estimated
22 savings from implementing a single system;
- 23 B. Financing proposals for sustainable revenue, including by maximizing federal
24 revenues, or reductions from existing health care programs, services, state agencies or
25 other sources necessary for funding the cost of the new system;
- 26 C. A proposal to the federal Centers for Medicare and Medicaid Services to waive
27 provisions of Titles XVIII, XIX and XXI of the federal Social Security Act, if
28 necessary, to align the federal programs with the proposals contained within the
29 design option in order to maximize federal funds or to promote the simplification of
30 administration, cost containment or promotion of health care reform initiatives; and
- 31 D. A proposal to the federal Centers for Medicare and Medicaid Services to waive
32 provisions of the Affordable Care Act, if necessary, to implement the proposals
33 contained within the design options in order to maximize federal funds.
- 34 6. The proposal must include a method to address compliance of the proposed design
35 options under subsection 1 with federal law if necessary, including the Affordable Care
36 Act; the Employee Retirement Income Security Act of 1974, referred to in this subsection
37 as "ERISA"; and Titles XVIII, XIX and XXI of the federal Social Security Act. In the
38 case of ERISA, the consultant may propose a strategy to seek an ERISA exemption from
39 the United States Congress if necessary for the design options.
- 40 7. The proposal must include an analysis of:
- 41 A. The impact of the design options on the State's current private and public
42 insurance system;

- 1 B. The expected net fiscal impact;
- 2 C. The impact of the design options on the State's economy;
- 3 D. The benefits and drawbacks of alternative timing for the implementation of the
- 4 designs, including the sequence and rationale for the phasing in of the major
- 5 components; and
- 6 E. The benefits and drawbacks of the design options and of not changing the current
- 7 system; and be it further

8 **Sec. 4. Additional staff assistance. Resolved:** That, upon request, the
9 Department of Health and Human Services and the Department of Professional and
10 Financial Regulation, Bureau of Insurance shall provide any additional staffing assistance
11 to the committee to ensure the committee and its consultant or consultants have the
12 information necessary to create the design options required by this resolve; and be it
13 further

14 **Sec. 5. Report. Resolved:** That, no later than December 2, 2015, the consultant
15 shall submit a report that includes its findings and recommendations, including suggested
16 legislation, to the committee. The committee may report out a bill to the Second Regular
17 Session of the 127th Legislature based on the consultant's report that adopts one of the
18 design options under section 3 and establishes an implementation plan; and be it further

19 **Sec. 6. Funding; sources. Resolved:** That the committee may accept from the
20 Department of Professional and Financial Regulation, Bureau of Insurance and the
21 Department of Health and Human Services any grant funding made available to the State
22 pursuant to the Affordable Care Act that is received by those state agencies. The
23 committee may also apply for and receive funds, grants or contracts from public and
24 private sources to support its activities. Contributions to support the work of the
25 committee may not be accepted from any party having a pecuniary or other vested
26 interest in the outcome of the matters being studied. Any person, other than a state
27 agency, desiring to make a financial or in-kind contribution shall certify to the Legislative
28 Council that it has no pecuniary or other vested interest in the outcome of the committee's
29 activities. Such a certification must be made in the manner prescribed by the Legislative
30 Council. All contributions are subject to approval by the Legislative Council. All funds
31 accepted must be forwarded to the Executive Director of the Legislative Council along
32 with an accounting record that includes the amount of the funds, the date the funds were
33 received, from whom the funds were received and the purpose of and any limitation on
34 the use of those funds. The Executive Director of the Legislative Council shall administer
35 any funds received by the committee; and be it further

36 **Sec. 7. Transfer. Resolved:** That, notwithstanding any other provisions of law,
37 on or before June 30, 2015, the State Controller shall transfer \$100,000 from the State
38 Innovation Model Grant, Federal Expenditures Fund account in the Department of Health
39 and Human Services to the Miscellaneous Studies-Funding, Other Special Revenue
40 Funds account of the Legislature. If before December 1, 2015 the Legislature receives
41 funds that exceed \$100,000 from other public and private sources as authorized in section
42 6, the State Controller shall transfer \$100,000 from the Legislature to the State Innovation
43 Model Grant, Federal Expenditures Fund account in the Department of Health and
44 Human Services before December 31, 2015; and be it further

Sec. 8. Appropriations and allocations. Resolved: That the following appropriations and allocations are made.

LEGISLATURE

Study Commissions - Funding 0444

Initiative: Allocates funding for the consulting costs of a study to propose design options to create a universal system of health care in the State.

7	OTHER SPECIAL REVENUE FUNDS	2013-14	2014-15
8	All Other	\$0	\$100,000
9			
10	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$0</u>	<u>\$100,000</u>
11			

12 SUMMARY

13 The amendment, which is the majority report, replaces the bill and changes it into a
14 resolve. The amendment expresses the Legislature's intent that all Maine residents have
15 access to and coverage for affordable, quality health care. The amendment requires the
16 joint standing committee of the Legislature having jurisdiction over insurance and
17 financial services matters to solicit the services of one or more consultants to propose
18 design options for creating a universal system of health care in the State. The resolve
19 requires the consultant or consultants to submit a proposal by December 2, 2015
20 containing at least 3 design options that comply with the federal Patient Protection and
21 Affordable Care Act.

22 The amendment includes a provision requiring the State Controller to transfer
23 \$100,000 from the State Innovation Model grant received by the Department of Health
24 and Human Services pursuant to the federal Patient Protection and Affordable Care Act
25 before June 30, 2015 to fund the study required by the resolve. If funds exceeding
26 \$100,000 are received from other public and private sources before December 1, 2015,
27 the amendment requires that the money be transferred back to the Department of Health
28 and Human Services.

FISCAL NOTE REQUIRED
(See attached)

**126th MAINE LEGISLATURE****LD 1345****LR 117(02)****An Act To Establish a Single-payor Health Care System To Be Effective in 2017****Fiscal Note for Bill as Amended by Committee Amendment 'A'****Committee: Insurance and Financial Services****Fiscal Note Required: Yes***(H-771)*

Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
Appropriations/Allocations				
Other Special Revenue Funds	\$0	\$100,000	\$0	\$0
Transfers				
Federal Expenditures Fund	\$0	(\$100,000)	\$0	\$0
Other Special Revenue Funds	\$0	\$100,000	\$0	\$0

Fiscal Detail and Notes

This bill includes an Other Special Revenue Funds allocation of \$100,000 in fiscal year 2014-15 to the Study Commissions - Funding program in the Legislature to authorize the expenditure for the consulting costs of a study to propose design options to create a universal system of health care in the State.

This bill requires a one-time transfer of \$100,000 from the Department of Health and Human Services' State Innovation Model Grant, Federal Expenditures account to the Legislature's Study Commissions - Funding, Other Special Revenue Funds account in fiscal year 2014-15 to provide resources for the study. It also provides a mechanism to transfer funds back to the State Innovation Model Grant account if the Legislature receives funds from other sources that exceed \$100,000.