

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

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Legislative Document

No. 1878

H.P. 1249

House of Representatives, May 5, 2025

An Act to Establish a Managed Care Program for MaineCare Services

Received by the Clerk of the House on May 1, 2025. Referred to the Committee on Health and Human Services pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

A handwritten signature in cursive script, reading "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative STOVER of Boothbay.
Cosponsored by Senator STEWART of Aroostook and
Representatives: BRENNAN of Portland, DUCHARME of Madison, GRAHAM of North
Yarmouth, GRAMLICH of Old Orchard Beach, JAVNER of Chester, SHAGOURY of
Hallowell, Senators: MOORE of Washington, RENY of Lincoln.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 22 MRSA §3188-A** is enacted to read:

3 **§3188-A. Department to establish managed care program for MaineCare services**

4 **1. Definitions.** For the purposes of this section, unless the context otherwise indicates,
5 the following terms have the following meanings.

6 A. "Capitation payment" means a monthly payment, paid per enrollee, by the
7 department to a managed care organization under contract with the department at a
8 negotiated rate included in the contract.

9 B. "Children's health insurance program" has the same meaning as in section 3174-X,
10 subsection 1, paragraph A.

11 C. "Managed care" means the provision of financing or delivery of health care services
12 to a patient through:

13 (1) Arrangements with selected providers to furnish health care services; and

14 (2) Financial incentives for patients to use the participating providers pursuant to
15 subparagraph (1) and procedures included in the managed care program.

16 D. "Managed care organization" or "MCO" means an entity that contracts with the
17 department that manages and controls health care services covered under the
18 MaineCare program, including a health insurer or a health maintenance organization,
19 authorized to operate in this State and that bears the full risk in an agreement for a
20 capitation payment.

21 E. "Managed care program" means a program of integrated managed care for all
22 covered MaineCare services implemented in accordance with this section.

23 F. "Social determinants of health" means the conditions in which individuals are born,
24 grow, live, work and age, as well as the social structures and economic systems that
25 shape these conditions, including the social environment, physical environment and
26 health services that influence health outcomes.

27 G. "TANF" has the same meaning as in section 3762, subsection 1, paragraph E.

28 **2. Managed care program; administration.** The department shall develop a
29 managed care program. The department shall contract with managed care organizations as
30 provided under this section to deliver MaineCare services through the managed care
31 program statewide. The department shall require that managed care organizations
32 operating the managed care program pursuant to subsection 5 provide coverage for
33 services, including, but not limited to, physical health, behavioral health, pharmacy and
34 dental services. The department may require coverage of additional services if it chooses
35 and shall pursue federal waivers as applicable and necessary to address social determinants
36 of health under the MaineCare program. The department has full authority to manage the
37 managed care program, except that the department may not change eligibility categories,
38 including income thresholds, as provided in this section.

39 **3. Covered individuals.** The following categories of Medicaid enrollees must be
40 enrolled in the managed care program established pursuant to this section according to the
41 time frame established in subsection 9:

1 A. Individuals covered under the TANF program;

2 B. Individuals participating in the children's health insurance program;

3 C. Individuals enrolled in Medicaid who have not attained 65 years of age and have a
4 family income up to 138% of the federal poverty level who are eligible for enrollment
5 only under provisions of the federal Patient Protection and Affordable Care Act
6 establishing Medicaid expansion; and

7 D. Individuals who are dually eligible for Medicaid and Medicare.

8 **4. Requests for proposals; selection.** The department shall issue a request for
9 proposals to select 3 MCOs to operate the managed care program according to this
10 subsection.

11 A. The department shall select MCOs that are capable of coordinating and facilitating
12 access to all covered MaineCare services, including, but not limited to, physical health
13 services, prescription services, dental services, nonemergency medical transit services,
14 services provided under waiver programs and behavioral health services on a statewide
15 basis to all MaineCare members described in subsection 3.

16 B. The department shall design the requests for proposals to ensure the selection of
17 MCOs most likely to improve MaineCare member outcomes, ensure access to all
18 covered MaineCare services and support the mitigation of social determinants of
19 health.

20 C. The department shall include in the request for proposals the requirement that a
21 bidding MCO must be able to meet the time frames for implementation of the managed
22 care program as established in subsection 9.

23 D. The department shall include in the request for proposals a copy of the initial rates
24 established pursuant to subsection 7.

25 E. In developing the selection process, the department shall develop a set of factors that
26 the department must consider during the selection process to ensure the quality of an
27 MCO. The department shall consider at least the following factors with respect to an
28 MCO:

29 (1) Accreditation by a nationally recognized accrediting body;

30 (2) Quality factors provided by a national organization that collects health care
31 effectiveness data and information and sets measures and standards to ensure that
32 MaineCare members receive high-quality care;

33 (3) Documented policies and procedures for preventing fraud and abuse;

34 (4) Experience in serving Medicaid members and achieving quality standards;

35 (5) Availability and accessibility of primary care and specialty care providers in a
36 relevant network;

37 (6) Provision of nonmandatory benefits, particularly dental care and disease
38 management, and other initiatives that improve health outcomes;

39 (7) Capability to address social determinants of health or connect to programs that
40 address education, food insecurity and housing instability; and

1 (8) Whether the MCO has an office, or a commitment to establishing an office, in
2 this State.

3 F. The department may contract with a consultant to assist with the selection process.

4 **5. Contracts with selected managed care organizations.** The department shall
5 establish a 5-year contract with each managed care organization selected through the
6 selection process described in subsection 4. A managed care organization contract may be
7 renewed in one-year increments for up to an additional 3 years. The department may extend
8 the term of a managed care organization contract to cover any delays during the transition
9 to a new managed care organization. The department shall establish basic requirements
10 concerning the content of contract terms. Contracts entered into by the department under
11 this subsection must include terms that:

12 A. Authorize the managed care organization to enroll MaineCare members upon
13 negotiation of rates consistent with subsection 7 and applicable requirements of the
14 United States Department of Health and Human Services, Centers for Medicare and
15 Medicaid Services;

16 B. Include the negotiated capitation payment rates and any agreed upon fee-for-service
17 rates;

18 C. Require that the managed care organization is responsible for all administrative
19 services for MaineCare members enrolled in the managed care program, including, but
20 not limited to, claims processing, care and case management, grievances, appeals and
21 other necessary administrative services;

22 D. Require the managed care organization to complete enrollment consistent with the
23 requirements of subsection 9;

24 E. Define measures and goals for risk-adjusted health outcomes, quality of care, patient
25 satisfaction and cost;

26 F. Establish access standards that are specific and that are population-based for the
27 number, type and regional distribution of providers in managed care organization
28 networks to ensure access to care for both adults and children. The access standards
29 must allow the managed care organizations to limit the providers in their networks
30 based on credentials, quality indicators and cost;

31 G. Establish measures for managed care program enrollee satisfaction developed from
32 disenrollment surveys and other sources of feedback from MaineCare enrollees;

33 H. Establish an internal process for reviewing and responding to grievances from
34 MaineCare members and for submitting quarterly reports, including the number,
35 description and outcome of grievances filed by MaineCare members. The grievance
36 procedure must meet the requirements of the department;

37 I. Address participation and coordination with departmental efforts in health care
38 payment reform, including value-based purchasing; quality improvement; delivery
39 system improvement; improvement in MaineCare members' experience of care; and
40 participation in other departmental initiatives, including participation in the patient-
41 centered medical homes. The department may require the managed care organizations
42 to participate in initiatives regarding compensation for providers for coordination of

1 care, management of chronic disease and avoidance of the need for more costly
2 services;

3 J. Include requirements for maintaining and submitting encounter and claims data for
4 all services provided to MaineCare members in a manner and format and in accordance
5 with a time schedule specified by the department. Claims data for each encounter
6 submitted under this paragraph must include the amount paid by the managed care
7 organization to all providers of services attributable to the encounter;

8 K. Require that the managed care organization establish managed care program
9 integrity functions and activities to reduce the incidence of fraud and abuse, including,
10 at a minimum, a provider credentialing system and ongoing provider monitoring,
11 procedures for reporting instances of fraud and abuse and designation of a managed
12 care program integrity compliance officer;

13 L. Require the managed care organization to make a reasonable contribution to pay for
14 the funding of the managed care program integrity compliance officer required under
15 paragraph K;

16 M. Allow the department, through an appeal process developed by the department, to
17 review and reverse any denial of care by the managed care organization on the basis of
18 medical necessity in accordance with federal requirements;

19 N. Establish and give notice of financial consequences the department may impose on
20 the managed care organization for failure to meet requirements of law or rule or for
21 breach of contract between the department and the managed care organization;

22 O. Require the managed care organization to be licensed by the Department of
23 Professional and Financial Regulation, Bureau of Insurance and give notice that the
24 MCO is subject to oversight by the Bureau of Insurance on matters of financial
25 solvency;

26 P. Require the managed care organization to provide all written communications to
27 managed care program enrollees, including, but not limited to, notices, decisions and
28 explanations of benefits, in a manner that is readable at or near a 6th-grade reading
29 level and offering translated versions of communications, as required by the
30 department; and

31 Q. Require cost sharing in accordance with the provisions of 42 United States Code,
32 Section 1396o.

33 **6. Payments to managed care organizations.** The department shall pay managed
34 care organizations on the basis of per enrollee, per month payments negotiated pursuant to
35 subsection 7. The department shall also establish rates for services in the remaining fee-
36 for-service programs.

37 **7. Ratesetting; capitation payments.** The department shall establish rates for
38 capitation payments to managed care organizations, to be included in the department's
39 contract with the managed care organization, according to the following:

40 A. Rates must be adjusted for risk based on historical utilization and spending data,
41 projected and adjusted to reflect the eligibility category, geographic area and clinical
42 risk profile of the MaineCare members with the provision for subsequent adjustment

1 based on actual enrollments in the managed care program and encounter data when
2 available;

3 B. Rates must be actuarially sound, including utilization assumptions that are
4 consistent with industry and local standards;

5 C. Rates must be designed as value-based payments such that a portion of the payment
6 to the MCO may be withheld if quality and outcome measures established in the
7 contract are not met; and

8 D. Rates must be designed with appropriate minimum rates for in-network primary
9 care and specialty care providers and pharmacy dispensing fees to ensure the
10 achievement of goals.

11 In negotiating rates with the managed care organizations, the department shall consider any
12 adjustments necessary to encourage the managed care organizations to use the most cost-
13 effective means of improving outcomes and providing specialized management of
14 particular subgroups of populations of managed care program enrollees with complex or
15 high-cost needs.

16 **8. Regulation by Bureau of Insurance.** A managed care organization contracted
17 with the department pursuant to this section is subject to regulations under Title 24-A
18 related to financial solvency of health insurers or health maintenance organizations, as
19 applicable to the composition of that MCO.

20 **9. Implementation; enrollment time frame.** MaineCare enrollees must be enrolled
21 in the managed care program according to the following time frame.

22 A. MaineCare enrollees described in subsection 3, paragraphs A, B and C must be
23 enrolled in the managed care program by February 1, 2029.

24 B. MaineCare enrollees described in subsection 3, paragraph D must be enrolled in the
25 managed care program, operated by the same 3 managed care organizations under
26 contract to provide services to the populations described in paragraph A, by July 1,
27 2030.

28 Capitation payments to the contracted managed care organizations must begin by February
29 1, 2029 or whenever enrollment under paragraph A begins, whichever occurs earlier.

30 **10. Implementation; waivers and state Medicaid plan amendments.** By April 1,
31 2026, the department shall submit all waivers and state Medicaid plan amendments to the
32 United States Department of Health and Human Services, Centers for Medicare and
33 Medicaid Services necessary to implement this section.

34 **11. Report.** By December 3, 2025, the department shall submit a report to the
35 Legislature concerning the department's plans for completing the transition of services to
36 the managed care program within the time frame established in subsection 9, including any
37 anticipated need to amend existing state law to establish the managed care program and
38 complete the transfer of services consistent with this section.

39 **12. Rulemaking.** The department shall adopt rules as necessary to implement this
40 section. Rules adopted pursuant to this subsection must include, but are not limited to:

A. The establishment of an appeal process by which the department may review and reverse any denial of care by the managed care organization on the basis of medical necessity in accordance with federal requirements; and

B. The establishment of penalties that may be enforced against a managed care organization for violating any law or rule.

Rules adopted pursuant to this subsection are major substantive rules as defined in Title 5, chapter 375, subchapter 2-A.

SUMMARY

This bill establishes a managed care program for MaineCare services.

The bill requires the Department of Health and Human Services to issue a request for proposals to contract with 3 managed care organizations to provide MaineCare services. Managed care refers to a system of delivering services through arrangements with selected providers to furnish health care services and financial incentives for patients to use the participating providers and procedures included in the managed care program. The model also requires that the department reimburse the managed care organizations primarily using negotiated monthly rate per enrollee, rather than a fee-for-service model.

The bill establishes a number of requirements for developing the procurement process and essential contract terms. The bill establishes deadlines by which specific categories of eligible enrollees must be enrolled in the managed care program, beginning February 1, 2029. The department must submit a report to the Legislature by December 3, 2025 detailing its plan for implementing the program within the timeline established by this legislation. The bill also includes a deadline of April 1, 2026, by which time the department must submit all waivers and amendments for the state Medicaid plan that are necessary to implement this legislation. The department is authorized to adopt rules. Rules adopted are considered major substantive rules under the Maine Administrative Procedure Act.