

MAINE STATE LEGISLATURE

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State of Maine
115th Legislature
Second Regular Session

Interim Report

Joint Select Committee
to Study the Feasibility of a
Statewide Health Insurance Program

April 1992



STATE OF MAINE
115TH LEGISLATURE
SECOND REGULAR SESSION

Interim Report

JOINT SELECT COMMITTEE
TO STUDY THE FEASIBILITY OF A
STATEWIDE HEALTH INSURANCE PROGRAM

April 1992

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EXECUTIVE SUMMARY

This interim report is the result of the work of the Joint Select Committee to Study the Feasibility of a Statewide Health Insurance Program. It reflects the work of the Joint Select Committee from October through December, 1991. All activity of the Joint Select Committee was suspended from January through late March, 1992, during the Second Regular Session of the 115th Legislature.

During the First Regular Session of the 115th Legislature, LD 1727 was considered and rewritten by the Joint Standing Committee on Banking and Insurance. Beginning as a resolve to develop a statewide health insurance program, the bill was finally enacted on July 17, 1991, as a resolve to study the feasibility of a statewide health insurance program. The resolve was vetoed by Governor McKernan on January 7, 1992, and the House of Representatives upheld the veto in a vote on January 7, 1992, by a vote of 73 to 49. On August 22, 1991, the Legislative Council voted to authorize a Joint Select Committee to Study the Feasibility of a Statewide Health Insurance Program. On September 9, 1991, President of the Senate Charles P. Pray and Speaker of the House of Representatives John L. Martin appointed to the joint select committee the thirteen members of the Joint Standing Committee on Banking and Insurance and three adjunct members, Senator Dale McCormick, Representative Richard A. Gould and Representative Charlene B. Rydell.

The Joint Select Committee to Study the Feasibility of a Statewide Health Insurance Program met on October 18th and 24th, November 21st, and December 4th and 12th. The first meeting occurred when the members of the Joint Select Committee attended the Maine Health Care Conference in Camden. At later meetings speakers representing a wide variety of interests and perspectives appeared before the Joint Select Committee.

I. Introduction

A. Legislative Action on Statewide Health Insurance

LD 1727, in the 115th Legislature, was a resolve to develop a statewide health insurance program. Sponsored by Speaker of the House John L. Martin, and co-sponsored by Representatives Charlene B. Rydell and Senators Beverly M. Bustin and Dale McCormick, the resolve was heard and considered by the Joint Standing Committee on Banking and Insurance. The resolve was reported out of committee "Ought to Pass as amended" and was finally enacted on July 17, 1991. The resolve was vetoed on January 7, 1992 by Governor John R. McKernan, Jr., and by a vote of 73 to 49 the veto was upheld.

B. Authorization of Study by the Legislative Council

During the summer of 1991, Governor McKernan held LD 1727 without a veto or a signature. The Legislative Council on August 22, 1991, authorized a Joint Select Committee to Study the Feasibility of a Statewide Health Insurance Program. On September 9, 1991, President of the Senate Charles P. Pray and Speaker of the House of Representatives John L. Martin appointed to the Joint Select Committee the thirteen members of the Joint Standing Committee on Banking and Insurance and three adjunct members, Senator Dale McCormick, Representative Richard A. Gould and Representative Charlene B. Rydell.

C. Work of the Joint Select Committee to Study the Feasibility of a Statewide Health Insurance Program to Date

The Joint Select Committee to Study the Feasibility of a Statewide Health Insurance Program met on October 18th and 24th, November 21st, and December 4th and 12th. The first meeting occurred when the members of the Joint Select Committee attended the Maine Health Care Conference in Camden. At later meetings speakers representing a wide variety of interests and perspectives appeared before the joint select committee.

The responsibilities of the Second Regular Session forced the Joint Select Committee to suspend its meetings until after adjournment in late March. The Joint Select Committee plans to resume its work in the spring and to complete its tasks in order to submit a report and any necessary implementing legislation by November 1, 1992.

II. The Work of the Joint Select Committee to Study the Feasibility of a Statewide Health Insurance Program, October to December, 1991.

The first meeting was held on October 18, 1991, when members of the Joint Committee to Study the Feasibility of a Statewide Health Insurance Program were invited to attend the Maine Health Care Conference in Camden. Speakers at the conference included Harvey Picker, Maine Health Care Finance Commission; Marc Roberts, Professor of Health Policy and Analysis at Harvard University; Robert Blendon, Professor of Health Policy and Management at Harvard University; Joel Adams, Maine Medical Association; Jack Dexter, Maine Chamber of Commerce and Industry; Andrew Greene, Maine Medical Center; and Christopher St. John, Pine Tree Legal Assistance and Consumers for Affordable Health Care.

The second meeting of the Joint Select Committee was held on October 24th. The committee heard presentations from and discussed health issues with the following people: Beth Kilbreth, Human Services Development Institute, Muskie Institute of Public Affairs on Maine's accomplishments in health care access; Kayla Ladenheim, Maine Health Policy Advisory Council on Maine's application to the Robert Wood Johnson Foundation for a health information and data project; Barbara Feltes, Department of Human Services, Bureau of Income Maintenance on Medicaid eligibility standards; Trish Reilly, National Academy for State Health Policy for an overview of other state's approaches to health access and health care and other state's commissions. The committee members had lunch with members of the site review committee from the Robert Wood Johnson Foundation who were in Maine as part of the grant application process for a grant for health information and data systems.

The third meeting of the Joint Select Committee was held on November 21. The committee heard from and discussed issues with a number of people. Patricia Aho, Maine Merchants Association; Steven Gove, Maine Municipal Association; and Tom Brown, Maine Auto Dealers Association spoke on employee health insurance and benefit programs. The Maine Employees' Health Insurance Program was discussed with Jo Gill of the program and Frank McGinty of Blue Cross/Blue Shield of Maine. Employee health programs provided through self-insurance were the focus of an afternoon group composed of William Sullivan, University of Maine System; Peter Hayes, Hannaford Brothers; Karen Mank, Hannaford Brothers; and Tony D'Agostino, Bath Iron Works.

The fourth meeting of the Joint Select Committee was held on December 4. The committee received an update on 24-hour health benefits and indemnity coverage from Tom Record, attorney with the Bureau of Insurance. Ed Kane from Blue Cross/Blue Shield spoke on 24-hour coverage being offered through BCBS in Virginia. Bill Altman and Robert Clarke of the Maine Health Care Finance Commission spoke on the function of the commission and health care and hospital costs. Elaine Fuller discussed eligibility for Medicaid programs and the numbers of Medicaid programs available in Maine. The committee discussed the Robert Wood Johnson Foundation grant process for state initiatives in health care financing with Francis Finnegan of the Department of

Human Services. Assistant Attorney General Linda Pistner presented a memo to the committee and discussed the application of ERISA to state insurance regulation and regulation of employee benefit programs.

The fifth meeting of the Joint Select Committee was held on December 12. Presentations were made by Howard Ryder and Cindy Foreman of Foxcroft Academy on their on-site health clinic. Speaking on health maintenance organizations were Richard White of HealthSource Maine, Keith Vangeison of HMO Maine and Bruce Greenberg of Lincoln National. Richard Trahey and Brad Ronco addressed the committee on cost savings mandates for the Maine Employees' Health Insurance Program. Lucia Hatch of HIAA presented information on managed care options in health care. Speaking on health care access were Warren Kessler of Kennebec Valley Medical Center and Dr. Clifford Rosen of St. Joseph's Hospital in Bangor. Debbie Curtis discussed the Maine High Risk Insurance Organization with the committee. James DiVirgilio of Blue Cross/Blue Shield spoke with the committee on Medigap policies and the new federal and state laws which require the issuance of 10 standard Medigap policies and no others.

The work of the Joint Select Committee was suspended during the Second Regular Session of the Legislature due to the responsibilities of legislative service. Meetings of the Joint Select Committee will resume after adjournment. Consideration will be given to all health related legislation enacted during the Second Regular Session and to the grant application submitted by the Department of Human Services to the Robert Wood Johnson Foundation entitled "Stage Two: Extending Health Care Reform in Maine." A final report to the Legislature and any necessary implementing legislation will be submitted by November 1, 1992.

185WPPSTUDY



115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1727

H.P. 1184

House of Representatives, April 29, 1991

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Speaker MARTIN of Eagle Lake.

Cosponsored by Representative RYDELL of Brunswick, Senator BUSTIN of Kennebec and Senator McCORMICK of Kennebec.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

Resolve, to Develop a Statewide Health Insurance Program.

(EMERGENCY)



Emergency preamble. Whereas, Acts and resolves of the
Legislature do not become effective until 90 days after
adjournment unless enacted as emergencies; and

Whereas, it is estimated that as many as 130,000 Maine
citizens lack health insurance and that over 200,000 of the
State's citizens are underinsured; and

Whereas, the State's health spending per capita increased
150% from 1980 to 1990, ranking Maine 5th highest in the nation
and per capita spending is expected to increase 2.3 times by the
year 2000 if the current trend continues; and

Whereas, uncompensated care costs from the growing numbers
of Maine's uninsured are being shifted onto a shrinking number of
insured consumers, workers and businesses in Maine; and

Whereas, a disproportionate segment of health insurance
costs and health care costs are directly attributable to
administrative inefficiency, burdening Maine businesses,
providers and consumers with avoidable costs; and

Whereas, the State's health care for all its citizens
scores on quality indices below societies spending less and
providing universal, comprehensive health insurance systems for
all citizens; and

Whereas, establishing a joint select committee to study
health insurance needs, to receive information and to present
legislation to develop and implement a statewide health insurance
program is the appropriate method to seek answers to these
problems; and

Whereas, in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore, be it

Sec. 1. Joint select committee. Resolved: That the joint select
committee to develop a plan for a statewide health insurance
program is established; and be it further

Sec. 2. Select committee membership. Resolved: That the joint
select committee to develop a plan for a statewide health
insurance program consists of 13 Legislators, 4 members appointed
by the President of the Senate and 9 members appointed by the
Speaker of the House of Representatives and including, but not
limited to members of the joint standing committees of the
Legislature having jurisdiction over appropriations, banking and
insurance, taxation and human resources. All appointments must
be made no later than 30 days following the effective date of

2 this Act. The President of the Senate and the Speaker of the
3 House of Representatives shall notify the Executive Director of
4 the Legislative Council upon making their appointments. The
5 chairs are selected from among the committee members by the
6 President of the Senate and the Speaker of the House of
Representatives; and be it further

8 **Sec. 3. Duties. Resolved:** That the joint select committee
9 shall study and make recommendations on the establishment of a
10 statewide health insurance program. The committee shall study
11 the present system of health insurance, its strengths and
12 weaknesses, ways in which the system may be made more efficient
13 and how more universal coverage may be obtained. The committee
14 shall make recommendations on the establishment of a statewide
15 health insurance program that include:

16 1. Extension of coverage to every citizen of the State who
17 is otherwise unable to obtain adequate health insurance;

18 2. Continuing insurance coverage during employment changes,
19 unemployment, illnesses, travel or temporary absences and after
20 injury;

21 3. Cost control through public accountability and
22 negotiations with providers to achieve greater efficiency and
23 improve quality of care;

24 4. Those aspects of the present system of health insurance
25 that are efficient components of a comprehensive system of
26 coverage; and

27 5. Financing by public revenues through a progressive
28 combination of the following:

29 A. Consolidating all of the present sources of funding
30 requiring waivers or approval from federal sources such as
31 Medicare, Medicaid, Champus, maternal and child health block
32 grants and substance abuse block grants;

33 B. Consolidating state programs including Maine Health
34 Program, the Managed Care Insurance Plan Demonstration
35 ("Robert Wood Johnson"), the High Risk Insurance Program,
36 premium tax substance abuse programs, specific disease
37 programs such as diabetes and heart education projects; and

38 C. Developing new public revenues that adequately replace
39 present corporate and individual spending on insurance
40 premiums and out-of-pocket expenses through a progressive
41 tax program that does not unfairly or disproportionately
42 burden any present payor or sector and that relieves those
43 payors who are unable to continue their present burden; and
44 be it further

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STATEMENT OF FACT

4

This resolve establishes a joint select committee to develop a plan for a statewide health insurance program. The committee shall hold public hearings, report to the Legislature by February 1, 1992 and present legislation to develop and implement the program no later than July 1, 1993.

6

8

Resolve, to Study the Feasibility of a Statewide Health Insurance Program

Sec. 1. Joint select committee. Resolved: That the Legislative Council establish the Joint Select Committee to Study the Feasibility of a Statewide Health Insurance Program; and be it further

Sec. 2. Select committee membership. Resolved: That the Joint Select Committee to Study the Feasibility of a Statewide Health Insurance Program consists of the members of the Joint Standing Committee on Banking and Insurance and 3 adjunct members, appointed jointly by the President of the Senate and the Speaker of the House of Representatives. The President of the Senate and the Speaker of the House of Representatives shall notify the Executive Director of the Legislative Council upon making their appointments; and be it further

Sec. 3. Duties. Resolved: That the joint select committee shall study and make recommendations on the feasibility of a statewide health insurance system that would include all Maine residents. The committee shall study developing all components of the present system of health insurance, its strengths and weaknesses, ways in which the system may be made more efficient and how or whether more universal coverage should be obtained. The committee shall study the following:

1. The existing levels and availability of insurance coverage for citizens of the State;

2. The availability of insurance coverage during employment changes, unemployment, illnesses, travel or temporary absences and after injury;

3. The feasibility of cost control through public accountability and negotiations with providers to achieve greater efficiency and improve quality of care;

4. Those aspects of the present system of health insurance that are efficient components of a comprehensive system of coverage; and

5. Whether the current mechanisms for financing health care financing are appropriate and could be expanded to provide coverage for persons who are uninsured.

6. Whether a more comprehensive and coordinated system could be implemented by:

A. Consolidating all of the present sources of funding requiring waivers or approval from federal sources such as Medicare, Medicaid, Champus, maternal and child health block grants and substance abuse block grant;

B. Consolidating state programs including the Maine Health Program, the Managed Care Insurance Plan Demonstration ("Robert Wood Johnson"), the High Risk Insurance Program, premium tax substance abuse programs, specific disease programs such a diabetes and heart education projects; and

C. Utilizing finance mechanisms that are income-based and permit all citizens to have access to health care coverage without placing a disproportionate burden on any individual or group of payors.

Sec. 4. Meeting; report. Resolved: That the joint select committee shall hold hearings in several regions of the State to provide for public testimony, shall report to the Second Regular Session of the 115th Legislature no later than February 1, 1992 and shall submit any necessary implementing legislation no later than November 1, 1992; and be it further

Sec. 5. Powers. Resolved: That the joint select committee may receive grants and hire consultants subject to provisions of section 7. Staff assistance and information may be provided as necessary by the Legislative Council except that staff assistance may not be provided while the Legislature is in session. Consultation and information must be provided as required by the Department of Human Services and the Department of Professional and Financial Regulation; and be it further

Sec. 6. Reimbursement. Resolved: That members of the joint select committee are entitled to legislative per diem and expenses for the days of attendance at committee meetings upon request from the Executive Director of the Legislative Council. The Executive Director of the Legislative Council shall administer the budget of the joint select committee; and be it further

Sec. 7. Funding. Resolved: That the Legislative Council may seek funding from outside sources to finance the joint select committee established in this resolve. The Legislative Council may authorize the joint select committee to develop funding proposals. The Executive Director of the Legislative Council shall review and approve any proposal before its

submission to a funding source. Before approving a funding source, the Legislative Council shall examine whether accepting funds from this source will risk the appearance of undue influence or actual undue influence upon the study. If the Legislative Council determines that accepting funds from the source will cause this risk, the Legislative Council may not approve the funding source. The Legislative Council shall administer any outside funds acquired for the conduct of the study. Administration of these funds includes the authorization for the Executive Director of the Legislative Council to approve or disapprove any contract for assistance to the study in accordance with guidelines adopted by the Legislative Council; and be it further

Sec. 8. Allocation. Resolved: That the following funds are allocated from Other Special Revenue to carry out the purposes of this resolve.

Sec. 9. Appropriation. Resolved: That the following funds are appropriated from the General Fund to carry out the purposes of this resolve.

LEGISLATURE

1991-92

Joint Select Committee to Study
the Feasibility of a Statewide Health
Insurance Program

Personal Services	\$7,040
All Other	6,880

Provides funding for the
Joint Select Committee to
Study the Feasibility of a
Statewide Health Insurance
Program for the per diem and
expenses for members,
printing and advertising
costs and other meeting expenses.

JOINT SELECT COMMITTEE
TO STUDY THE FEASIBILITY OF A STATEWIDE
HEALTH INSURANCE PROGRAM

Authorized by the Legislative Council
August 22, 1991

MEMBERSHIP

Joint Standing Committee on Banking and Insurance

Senator Judy C. Kany, Chair
P.O. Box 508
Belgrade Lakes, Maine 04918
495-3857

Senator Raynold Theriault
1 First Street
Fort Kent, Maine 04743
834-3082

Senator Linda C. Brawn
P.O. Box 1346
Camden, Maine 04843
236-4766

Representative Elizabeth H. Mitchell, Chair
RFD 1, Box 520
Augusta, Maine 04330
622-2629

Representative Richard H.C. Tracy
P.O. Box 1410
Norridgewock, Maine 04957
397-4171

Representative Ruth C. Joseph
7 Aubrey Street
Waterville, Maine 04901
873-1220

Representative Edward L. Pineau
12 Pineau Street
Jay, Maine 04239
897-5570

Representative Joseph G. Carleton, Jr.
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646-9089

Representative Phyllis R. Erwin
633 Washington Street
Rumford, Maine 04276
364-4768

Representative Harriet A. Ketover
49 Wingate Drive
Portland, Maine 04102
773-2375

Representative Anne M. Rand
61 Melbourne Street
Portland, Maine 04101
772-7704

Representative Joseph A. Garland
P.O. Box 2069
Bangor, Maine 04401
947-7318

Representative Peter G. Hastings
71-A Main Street
Fryeburg, Maine 04037
935-2004

Adjunct Members (Jointly appointed by the President of the Senate and the
Speaker of the House)

Senator Dale McCormick
RR 1, Box 697
Monmouth, Maine 04259
933-9345

Representative Richard A. Gould
HCR 76, Box 260
Greenville, Maine 04441
695-2791

Representative Charlene B. Rydell
5367 Woodward Point Road
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725-5803

Staff

Jane Orbeton, Office of Policy & Legal Analysis

9/9/91