

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
116TH LEGISLATURE

SECOND REGULAR SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE

MAY 1994

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**ONE HUNDRED AND SIXTEENTH LEGISLATURE  
SECOND REGULAR SESSION**

**JOINT STANDING COMMITTEE  
BILL SUMMARIES**

**MAY 1994**

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The volume is organized alphabetically by committee; within each committee, the summaries are arranged by LD number. A subject index is provided at the beginning of each committee's summaries.

The committee report or reports, the prime sponsor for each bill and the lead co-sponsor in each house if one has been designated are listed below each bill title. All adopted amendments are listed, by paper number, together with the sponsor for floor amendments. Final action on each bill is listed to the right of the title. Various types of final action are abbreviated as follows:

*PUBLIC XXX*

*P&S XXX*

*RESOLVE XXX*

*CON RES XXX*

*EMERGENCY*

*ONTP*

*INDEF PP*

*FAILED ENACTMENT*

*FAILED EMERGENCY ENACTMENT*

*FAILED MANDATE ENACTMENT*

*DIED BETWEEN BODIES*

*CONF CMTE UNABLE TO AGREE*

*VETO SUSTAINED*

*UNSIGNED*

*DIED ON ADJOURNMENT*

*Chapter # of enacted Public Law*

*Chapter # of enacted Private & Special Law*

*Chapter # of enacted Resolve*

*Chapter # of Constitutional Resolution passed by both Houses*

*Enacted law takes effect sooner than 90 days*

*Ought Not to Pass report accepted*

*Bill Indefinitely Postponed*

*Bill failed to get majority vote*

*Emergency bill failed to get 2/3 vote*

*Bill imposing local mandate failed to get 2/3 vote*

*House & Senate disagree; bill died*

*Committee of Conference unable to agree; bill died*

*Legislature failed to override Governor's Veto*

*Not signed by Governor within 10 days*

*Action incomplete when session ended; bill died*

These summaries were prepared by the analyst or analysts assigned to the committee. If you have any suggestions or comments on the summaries, please let us know.

5581LHS

<b>SPONSOR(S)</b>	<b>COMMITTEE REPORT</b>		<b>AMENDMENTS ADOPTED</b>
RYDELL	OTP-AM	MAJ	
MCCORMICK	ONTP	MIN	

### **SUMMARY**

This bill establishes a universal access health care system that offers choice of coverage through organized delivery systems or through a managed care system operated by the Maine Health Care Agency and channels all health care dollars through a dedicated trust fund. It reorganizes State Government as required for the delivery of a unified health care system.

1. Part A of the bill is divided into three parts.

Section A-1 states the purposes of the chapter: universal access, cost containment, and consolidation and coordination of health care functions. It contains the definition section.

The Maine Health Care Plan is established to provide family security through quality, affordable health care for the people of the State. All residents and nonresidents who maintain significant contacts with the State are eligible for covered health care services through the Maine Health Care Plan. The plan is funded by the Maine Health Care Trust Fund, a dedicated fund receiving payments from employers, individuals, plan members and, after fiscal year 1995, from the 5¢ per package increase in the cigarette tax. The Maine Health Care Plan provides a range of benefits, including hospital services, health care services from participating providers, laboratories and imaging procedures, home health services, rehabilitative services, prescription drugs and devices, mental health services, substance abuse treatment services, dental services, vision appliances, medical supplies and equipment and hospice care. Health care services through the Maine Health Care Plan are provided by participating providers in organized delivery systems and through the open plan, which is available to all providers. The plan is supplemental to other health care programs that may be available to plan members, such as Medicare, Medicaid, the Civilian Health and Medical Program of the Uniformed Services, the Indian Health Care Improvement Act and workers' compensation.

This Part establishes the Maine Health Care Agency to administer and oversee the Maine Health Care Plan, to act under the direction of the Maine Health Care Council and to administer and oversee the Maine Health Care Trust Fund. The Maine Health Care Council is the decision-making and directing council for the agency and is composed of 3 full-time appointees.

The Maine Health Care Agency is directed to establish programs to ensure quality, affordability, efficiency of care and health planning. The agency health planning program includes the establishment of global budgets for health care expenditures for the State and for institutions and hospitals. The health planning program also encompasses the certificate of need responsibilities of the agency, the health planning responsibilities pursuant to Title 22, chapter 103, data collection and the hospital financing system pursuant to Title 22, chapter 107.

Section A-2 contains a directive to the State Controller to advance \$400,000 to the Maine Health Care Trust Fund on the effective date of that Part. This amount must be repaid from the fund by June 30, 1995.

Section A-3 contains the effective date of the Part, January 1, 1994.

2. Part B of the bill establishes the Maine Health Care Plan Transition Advisory Committee. Composed of 20 members, appointed and subject to confirmation, the committee is charged with holding public hearings, soliciting public comments and advising the Maine Health Care Agency on the transition from the current health care system to the Maine Health Care Plan. Members of the committee serve without compensation but may be reimbursed for their expenses. The committee is directed to report to the Governor and to the Legislature on July 1, 1994, January 1, 1995, July 1, 1995, and December 31, 1995. The committee completes its work on December 31, 1995.
3. Part C of the bill transfers the certificate of need and related health planning programs from the Department of Human Services to the Maine Health Care Agency as of July 1, 1994. Authority to make certificate of need decisions is transferred from the department to the agency. The Office of Health Planning and Development is abolished and its staff, resources and responsibilities are transferred to the agency. The certificate of need process is expanded to include acquisition of major medical equipment with a cost of \$1,000,000 or more. This Part changes the Hospital Development Account into a certificate of Need Development Account.
4. Part D of the bill consolidates the staff, powers and responsibilities of the Maine Health Care Finance Commission into the newly created Maine Health Care Agency as of January 1, 1995. On that date, the commission is abolished and the Maine Health Care Council assumes all of the former commission's powers and duties. The hospital assessment formerly collected to fund the commission is abolished.
5. Part E of the bill establishes the salaries of the members of the Maine Health Care Council and the executive director of the Maine Health Care Agency.
6. Part F of the bill prohibits the sale on the commercial market of health insurance policies and contracts that duplicate the coverage provided by the Maine Health Care Plan. It allows the sale of health care policies and contracts that do not duplicate and are supplemental to the coverage of the Maine Health Care Plan.
7. Part G of the bill imposes a 5¢ per package increase in the cigarette tax beginning December 1, 1993. Proceeds from the cigarette tax increase are paid to the Maine Health Care Trust Fund.
8. Part H of the bill directs the Maine Health Care Agency to ensure employment retraining for administrative workers employed by insurers and providers who are displaced by the transition to the Maine Health Care Plan. It directs the Maine Health Care Agency to study the delivery and financing of long-term care services to plan members. Consultation is required with the Maine Health Care Plan Transition Advisory Committee, representatives of consumers and potential consumers of long-term care services and representatives of providers of long-term care services, employers, employees and the public. A report to the Legislature is due January 1, 1996.

The Maine Health Care Agency is directed to study the provision of health care services under the Medicaid and Medicare programs, waivers, coordination of benefit delivery and compensation, reorganization of State Government necessary to accomplish the objectives of the Maine Health Care Agency and legislation needed to carry out the purposes of the bill. The agency is directed to apply for all waivers required to coordinate the benefits of the Maine Health Care Plan and the Medicaid and Medicare programs. A report is due to the Legislature by March 1, 1995.

9. Part I of the bill declares the Legislature's intent to abolish the Bureau of Health and the Bureau of Medical Services and to transfer their powers, responsibilities, programs, staff and resources to the Maine Health Care Agency by January 1, 1995. The agency is directed to work with the Commissioner of Human Services to prepare all necessary legislation and submit it to the Legislature by December 1, 1994.

See LD 1985 Maine Health Care Reform Commission and PL 707 Part AA.