

MAINE STATE LEGISLATURE

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(EMERGENCY)
(After Deadline)

ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1525

H. P. 1413

House of Representatives, April 13, 1977

Approved for introduction by a Majority of the Legislative Council pursuant to Joint Rule 25. On motion of Ms. Clark of Freeport, under suspension of rules referred to Committee on Business Legislation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Palmer of Nobleboro.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

AN ACT to Amend Certain Provisions of the Laws Relating to Nonprofit Hospital or Medical Service Organizations in Order to Facilitate the Creation of Jobs for Maine People.

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

Whereas, immediate modification of the laws relating to nonprofit hospital and medical service organizations is vitally necessary in order to permit such organizations to offer services to the Federal Government on a fixed-fee basis; and

Whereas, the present Part B Medicare carrier has announced that, effective January 1, 1978, it will no longer provide services to the Federal Government as its fiscal intermediary for Part B of the Medicare Program; and

Whereas, the provision of this service to the Federal Government involves approximately 100 jobs in the greater Portland area; and

Whereas, administration of the Medicare Program in an out-of-state forum could disrupt the claims process from the perspective of Maine citizens; and

Whereas, it is necessary that a firm, organization or business located in the State of Maine become the successor provider of these services to the Federal

Government in order to insure the retention of these jobs within this State; 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 enacted by the People of the State of Maine, as follows:

24 MRSA § 2301, sub-§ 7, as last amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

7. Administrative services. With the prior approval of the superintendent, such corporation shall have the right to utilize its organization and facilities to perform services for the United States or the State of Maine Government or the units or agencies of either; or any charitable or nonprofit organization involved in health care.

STATEMENT OF FACT

As is indicated in the emergency preamble, the current Part B Medicare carrier located in the State of Maine, has advised the United States Government that, effective January 1, 1978, the company will no longer continue to serve as the government's fiscal intermediary for Part B of the Medicare Program. This carrier currently employs approximately 100 persons for the purpose of administering its function as fiscal intermediary. The Federal Government, in its effort to seek and select a replacement, has made its requirements known to potential bidders by issuing a "request for proposal" outlining the responsibilities of the government, the responsibility of the bidders, and the criteria upon which selection will be made. All bidders are required to submit bids on the basis of fixed-price proposals. In the past, the government has utilized a sole source procurement system under which services were provided on a cost-incurred basis.

On April 6, 1977, the Executive Committee of the Board of Directors of Maine Blue Cross and Blue Shield authorized the organization to present a proposal to the United States Government under which Maine Blue Cross and Blue Shield would propose to become the government's fiscal intermediary for Part B of the Medicare Program. Maine Blue Cross currently serves a fiscal intermediary for Part A of the Medicare Program and intends to continue to provide this service in the future. It believes that 2 basic benefits will flow to the people of Maine if it is able to secure the contract as fiscal intermediary for Part B of the Medicare Program. First, it will reduce the number of agencies with which Maine citizens are required to deal with respect to claims and inquiries concerning Medicare benefits. Conversely, the level of service and ease of claims handling afforded the 80,000 Maine citizens who utilize Maine Blue Cross Companion Plan would be severely restricted or complicated in the event that the administration of Part B of Medicare is

provided from an out-of-state location. Secondly, the administration of the program will require the utilization of approximately 100 additional employees. In the event that this contract is awarded to an out-of-state organization or agency, there is no means of insuring that Maine people will be employed to administer the program. It is reasonable to expect that the loss of potential jobs in the greater Portland area would cause a sizable disruption in the local economy which is currently experiencing an unemployment rate in excess of 10%. The greater Portland Chamber of Commerce approximates the impact of 100 industrial jobs to represent some 350 people, \$1,000,000 in personal income, and \$500,000 in retail sales per year.

Passage of this legislation will permit Maine Blue Cross and Blue Shield to bid for and, hopefully, become the fiscal intermediary for Part B of the Medicare Program in accordance with the criteria established in the government's "request for proposal."