

# MAINE STATE LEGISLATURE

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# 114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

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Legislative Document

No. 1322

H.P. 954

House of Representatives, April 24, 1989

Reference to the Committee on Appropriations and Financial Affairs 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 President PRAY of Penobscot, Representative RYDELL of Brunswick and Senator PEARSON of Penobscot.

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STATE OF MAINE

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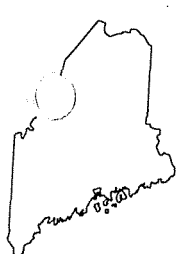
IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND EIGHTY-NINE

---

**An Act to Improve Access to Health Care and Relieve Hospital Costs  
Due to Charity and Bad Debt Care Which are Currently Shifted to  
Third-party Payors.**

---

(EMERGENCY)



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

5           **Whereas,** over 130,000 people in Maine lack health insurance  
6 and considerably more face other barriers to access to health  
7 care; and

9           **Whereas,** this legislation creates several programs designed  
10 to provide health care, or to improve access to health care for  
11 persons who are currently inadequately cared for; and

13           **Whereas,** the programs in this legislation which provide  
14 coverage of health care costs for those who are currently unable  
15 to pay those costs will lessen the burden on 3rd-party payors of  
16 health care costs caused by bad debt and charity care; and

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

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

25           **Sec. 1. 5 MRSA §12004-G, sub-§22-A** is enacted to read:

27

<u>22-A. Insurance</u>	<u>Small Employer</u>	<u>Expenses</u>	<u>24-A MRSA</u>
	<u>Health Insurance</u>	<u>Only</u>	<u>§6306</u>
	<u>Commission</u>		

29

31           **Sec. 2. 5 MRSA §12004-I, sub-§35-A** is enacted to read:

33

<u>35-A. Human</u>	<u>Maine Health</u>	<u>Expenses</u>	<u>22 MRSA</u>
<u>Services</u>	<u>Program Council</u>	<u>Only</u>	<u>§3189</u>

35

37           **Sec. 3. 22 MRSA §§3189 and 3190** are enacted to read:

39           §3189. The Maine Health Program

41           1. Definitions. As used in this section, unless the  
42 context otherwise indicates, the following terms have the  
43 following meanings.

45           A. "Applicable premium" means the amount that a person is  
46 required to pay to participate in the Maine Health Program,  
47 as determined under subsection 4.

49           B. "Council" means the Maine Health Program Council created  
50 in subsection 3.

51           C. "Department" means the Department of Human Services.

1           D. "Federal poverty level" means the federal poverty level  
3           established as required by the United States Omnibus Budget  
5           Reconciliation Act of 1981, Public Law 97-35, Sections 652  
            and 673(2).

7           E. "Household income" means the income of a person or group  
9           of persons determined according to rules adopted by the  
11           department in accordance with subsection 8, provided that  
            the rules do not include, in the definition of a household,  
            persons other than those who reside together and among whom  
            there is legal responsibility for support.

13           F. "Program" means the Maine Health Program described in  
15           this section.

17           2. Eligibility and benefits. There is created the Maine  
19           Health Program. Any person whose household income is 150% or  
21           less of the federal poverty level who is not eligible for all the  
23           benefits provided by Medicaid and who meets the other criteria  
            established under this section shall be eligible to participate  
            in the Maine Health Program. Participants in the program are  
            entitled to receive benefits in accordance with this section.

25           3. Maine Health Program Council. There is created the  
27           Maine Health Program Council. The council shall be composed of  
29           12 members, as follows: one representative of hospitals, to be  
31           appointed taking into account the recommendation of the Maine  
33           Hospital Association; one representative of physicians, to be  
35           appointed taking into account a joint recommendation of the Maine  
37           Osteopathic Association and the Maine Medical Association; one  
39           representative of community health centers, to be appointed  
41           taking into account the recommendation of the Maine Ambulatory  
43           Care Coalition; one representative of the Medicaid Advisory  
45           Committee created pursuant to federal regulations, 42 Code of  
47           Federal Regulations, Section 431.12; 3 representatives of health  
49           care consumers; one representative of the academic disciplines  
51           related to health policy, to be appointed taking into account the  
            recommendation of the Maine Public Health Association; and one  
            representative of the Special Select Commission on Access to  
            Health Care created by Title 24-A, section 6071. The Director of  
            the Bureau of Medical Services and the Director of the Bureau of  
            Income Maintenance and the Superintendent of the Bureau of  
            Insurance shall serve as ex officio nonvoting members of the  
            council. These directors may designate alternative  
            representatives of their bureaus. No person may be appointed as  
            a representative of consumers of health care if that person has  
            within 12 months preceding the appointment been engaged for  
            compensation in the provision of health care, or the provision of  
            health research, instruction or insurance. Except for the ex  
            officio members from the departments, members of the council  
            shall be appointed jointly by the President of the Senate and the

1 Speaker of the House of Representatives. Appointments shall be  
2 made no later than October 1, 1989.

3 A. The council has the following powers and duties.

4  
5 (1) The council shall advise the department on an  
6 on-going basis with respect to the development and  
7 administration of the Maine Health Program.

8  
9 (2) The council shall participate in the process of  
10 making rules for the Maine Health Program as described  
11 in subsection 8.

12  
13 (3) The council may accept grants to be used for the  
14 council's purposes under this section.

15  
16 B. The council shall study what asset limits, if any, are  
17 appropriate to determine eligibility for benefits under the  
18 program. The study shall include consideration of:

19  
20 (1) The treatment of assets in other federal and state  
21 medical programs serving the population with greater  
22 income than the Medicaid program, including the  
23 Hill-Burton program of hospital community care  
24 described in Title 42, United States Code, Chapter 6-A,  
25 subchapter IV, the Medicaid expansion under the United  
26 States Omnibus Budget Reconciliation Act of 1986,  
27 Public Law 99-509, and the United States Family Support  
28 Act of 1988, Public Law 100-482, and the treatment of  
29 assets under the charity care income guidelines adopted  
30 pursuant to section 396-F, subsection 1;

31  
32 (2) The needs of working and nonworking participants  
33 for funds to pay transportation and other work-related  
34 costs, noncovered medical costs and other emergencies  
35 and reasonable incentives for savings; and

36  
37 (3) Program administrative costs.

38  
39 The council shall recommend a policy on assets to the  
40 department for review, revision and adoption of any  
41 necessary rule, in accordance with subsection 8.

42  
43 C. The Chair of the Legislative Council shall call the  
44 first meeting of the council no later than 30 days after all  
45 members of the council have been appointed. At the first  
46 meeting, members of the council shall elect a chair from  
47 among themselves. Thereafter, the council shall meet at the  
48 call of the chair of the council or at the call of at least  
49 1/4 of the members of the council. A majority of the  
50 council members shall constitute a quorum for the purpose of  
51 conducting business of the council and exercising all the

1 powers of the council. A vote of the majority of the  
3 members present shall be sufficient for all actions of the  
4 council.

5 D. Each member of the council shall be compensated  
7 according to the provisions of Title 5, chapter 379.

8 E. The Department of Human Services shall supply staff and  
9 other assistance to the council.

11 4. Program development and administration. The department  
13 shall develop and administer the Maine Health Program in  
14 consultation with the council, and in accordance with this  
15 section.

16 A. The department, by rule adopted in accordance with the  
17 procedures set forth in subsection 8, shall determine the  
18 scope and amount of medical assistance to be provided to  
19 participants in the Maine Health Program provided that the  
20 rules shall meet the following criteria.

21 (1) The scope and amount of medical assistance shall  
23 be the same as the medical assistance received by  
24 persons eligible for Medicaid, except that  
25 pregnancy-related services covered under Medicaid and  
26 nursing home benefits shall not be offered as services  
27 under the Maine Health Program.

28 (2) The medical assistance to be provided shall not  
29 require the participant to make out-of-pocket  
30 expenditures such as requiring deductibles or  
31 copayments for any service covered, except to the  
32 extent out-of-pocket expenditures are required under  
33 state Medicaid rules.

34 B. The department, in consultation with the council, shall  
35 develop plans to ensure appropriate utilization of  
36 services. The department's consideration shall include, but  
37 not be limited to, preadmission screening, managed care, use  
38 of preferred providers, and 2nd surgical opinions.

39 C. The department shall adopt rules in accordance with the  
40 procedures set forth in subsection 8, setting forth a  
41 sliding scale of premiums to be paid by persons eligible for  
42 the program provided that the rules shall meet the following  
43 criteria.

44 (1) The premium for a household whose household income  
45 does not exceed 100% of the federal poverty level shall  
46 be zero.

51

1           (2) The premium for a household whose household income  
3           exceeds 100% of the federal poverty level but does not  
          exceed 150% of the federal poverty level shall not  
5           exceed 3% of that household income.

7           D. The department shall adopt rules in accordance with the  
          procedures set forth in subsection 8 to establish guidelines  
9           on:

11           (1) Provider eligibility for reimbursement for  
          services under this section, provided that the criteria  
13           for providers shall be no more stringent than those  
          established in the State's Medicaid rules; and

15           (2) Service provider fees, provided that the fees  
17           shall be no less than service provider fees established  
          in the Medicaid fee schedule for the applicable program  
19           year.

21           E. The department shall maximize the use of federal funds  
          by establishing procedures to identify participants in the  
23           Maine Health Program who become eligible for Medicaid. Any  
          person eligible for benefits under Medicaid or the United  
25           States Family Support Act of 1988, Public Law 100-482, is  
          ineligible to receive those benefits under the Maine Health  
27           Program.

29           F. The department shall make available applications for  
          participation in the program, and shall assist persons in  
31           completing them. The department shall review those forms,  
          and notify persons of eligibility and the amount of premium  
33           due within 45 days of receipt of the form.

35           The department shall treat any application for Aid to  
          Families with Dependent Children or for any medical  
37           assistance program administered by the department as an  
          application for the Maine Health Program. If the applicant  
39           is not eligible for Medicaid, the department shall review  
          the application for eligibility for the Maine Health  
41           Program. At least one month prior to termination, the  
          Department shall review and determine eligibility for the  
43           Maine Health Program of any person whose eligibility for  
          Medicaid or any other medical services program is being  
45           terminated.

47           G. The department shall implement this section and commence  
          coverage of eligible persons in the Maine Health Program no  
49           later than July 1, 1990.

51           5. Use of available health coverage. To receive any  
          benefits under the Maine Health Program, a person who is eligible  
          to be covered by a medical plan for which an employer contributes

1 to the cost shall, unless excepted in this subsection, enroll in  
2 the employer-supported plan.

3  
4 A. If the person is required to contribute toward the cost  
5 of the employer-supported plan, the person shall pay only  
6 the amount the person would be required to pay as an  
7 applicable premium to be covered by the Maine Health  
8 Program. The department shall promptly pay the remainder of  
9 the person's required contribution to the employer-supported  
10 plan to the person's employer or directly to the insurer.

11  
12 B. Any person who has enrolled in an available  
13 employer-supported plan but whose plan does not provide all  
14 of the benefits or the same level of benefits as provided by  
15 the Maine Health Program, shall be entitled to receive the  
16 remaining benefits from the Maine Health Program. The  
17 person shall be required to pay toward the Maine Health  
18 Program only the difference, if any, between any premium  
19 paid by the person for the employer-sponsored health plan  
20 and the applicable premium for the Maine Health Program.

21  
22 C. If the department determines that the employer-supported  
23 plan is not a cost-effective use of state funds to provide  
24 the services offered, the person need not enroll in that  
25 employer-supported plan as a condition of eligibility for  
26 the Maine Health Program, and the department shall not be  
27 obligated to contribute toward the premium as a benefit of  
28 the Maine Health Program.

29  
30 D. The department shall adopt rules in accordance with the  
31 procedures set forth in subsection 8 to implement this  
32 subsection.

33  
34 6. Coordination of benefits. Any participant who is  
35 covered by an employer-supported plan in addition to the Maine  
36 Health Program shall file with the department the name, address  
37 and group policy number of the employer-supported plan. The  
38 department may request, from the insurer which provides the group  
39 policy, information sufficient to permit the department to  
40 coordinate benefits between the Maine Health Program and the  
41 employer-supported plan. An insurer shall respond to the request  
42 from the department within 30 days. The department may also  
43 require the employer or the insurer to provide notice to the  
44 department of any changes in coverage and to provide notice to  
45 the department of any termination of the policy. The Maine  
46 Health Program shall be a secondary payor to all other payors to  
47 the extent permitted by federal and state law.

48 The department shall adopt rules in accordance with the  
49 procedures set forth in subsection 8 to implement this subsection.  
50  
51



1           7. Transition period for participants losing eligibility.  
2           Any participant who ceases to be eligible to participate in the  
3           program because of household income exceeding 150% of the federal  
4           poverty level shall be entitled to continue to participate in the  
5           program for a period of 2 years following loss of eligibility,  
6           provided the participant pays a premium established for such  
7           persons by the department by rule adopted in accordance with the  
8           procedures set forth in subsection 8.

9  
10           8. Procedures for adopting rules. In adopting, amending or  
11           repealing any rule required or authorized by this section, the  
12           Department shall comply with the Maine Administrative Procedure  
13           Act, Title 5, chapter 375, and with the additional requirements  
14           of this subsection.

15           A. The council shall develop proposed rules necessary to  
16           implement this section no later than February 1, 1990, and  
17           shall submit the proposed rules to the department. The  
18           Department shall hold a public hearing on the proposed rules  
19           and shall take all other steps required under the Maine  
20           Administrative Procedure Act, Title 5, chapter 375.

21  
22           B. At the public hearing on the rules, members of the  
23           council shall be permitted to conduct reasonable  
24           questioning, and comments shall be taken from the public on  
25           the proposed rules. Following the public hearing, the  
26           department shall adopt such rules as it determines  
27           appropriate, provided that for each difference between the  
28           department rules and the council's proposed rules, the  
29           department shall provide a written explanation of why the  
30           council's proposed rule was not adopted.

31  
32           C. Following adoption of a set of rules addressing each  
33           aspect necessary to implement this section, the department  
34           may propose and adopt rules provided that, before the  
35           department begins the process of adopting rules under the  
36           Administrative Procedure Act, Title 5, chapter 375, the  
37           department shall consult with the council on any rules to be  
38           proposed. The department shall also permit members of the  
39           council to conduct reasonable questioning at any public  
40           hearing on the proposed rules.

41  
42           **§3190. Community Health Program grants**

43  
44           1. Grants. The Community Health Program is created to  
45           expand health and medical resources available to local  
46           communities through a grant program while encouraging the  
47           development of greater efficiency in care for low-income  
48           persons. Grants shall be awarded according to the terms of this  
49           section in the amounts specified and to the persons and  
50           organizations selected by the department.  
51

1           2. Primary health care grants. Grants shall be used only  
2 as specified and shall be awarded to directly provide or arrange  
3 access to primary and preventive services, referral to specialty  
4 and inpatient care, prescription drugs, ancillary services,  
5 health education and case-finding and outreach to bring people  
6 into the system. Funds for this program are to be targeted to  
7 primary and preventive care and shall not be used to subsidize  
8 inpatient care.

9  
10 Grants shall be awarded to local health care providers, or to new  
11 organizations where existing providers are unwilling or unable to  
12 participate, who demonstrate the capacity to provide an organized  
13 system of primary care. Eligible grantees include, but are not  
14 limited to, groups of physicians, primary health care centers,  
15 health maintenance organizations and hospital outpatient  
16 departments, provided they meet the following criteria:

17           A. Arrangements for services 24 hours a day, 7 days a week;

18  
19           B. Full hospital privileges for all primary care physicians  
20 or arrangements to refer patients for inpatient hospital  
21 care and specialist services. Arrangements must be in  
22 writing or the provider must be able to demonstrate that  
23 patients are being accepted and treated;

24  
25           C. Provisions for follow-up care from the hospital or  
26 specialist to the patient's primary care provider;

27  
28           D. Access to ancillary services including laboratory,  
29 pharmacy and radiology;

30  
31           E. Linkage to the federal program for women, infants and  
32 children (WIC), nutritional counseling, social and other  
33 support services;

34  
35           F. Acceptance without limits of Medicaid and Maine Health  
36 Program patients and uninsured persons, including public  
37 notice of appropriate sliding fee scales;

38  
39           G. A medical record system with arrangements for the  
40 transfer of records to the hospital, the specialist and  
41 their return to the primary care physician;

42  
43           H. Quality assurance mechanisms to evaluate the quality and  
44 appropriateness of patient care; and

45  
46           I. Evidence of community-wide input into the design and  
47 provision of health services to be funded by the grant.

48  
49           3. Health Promotion and Health Education Grants.  
50 Notwithstanding the criteria set forth in subsection 2, grants  
51 may be made for health promotion and health education programs.

1 To qualify for a health promotion or health education grant, the  
2 applicant must demonstrate an ability to coordinate services and  
3 programmatic efforts with local primary care providers and to  
4 provide a plan for follow-up care for their consumers.

5  
6 4. Application for grants. Applications for grants awarded  
7 under this section shall be submitted to and reviewed by the  
8 department.

9  
10 5. Selection of recipients and amounts of awards. The  
11 department shall designate the recipients of the grants and the  
12 amount of the grants. Recipients and amounts shall be based on:

13 A. Documented health status needs;

14 B. Documented financial hardship such as area unemployment;

15 C. Evidence of problems of access to health care services;

16 D. Evidence of local commitment to the program; and

17 E. Other criteria the department establishes by rule.

18  
19 6. Grants renewable. Grants may be awarded for a period of  
20 up to 3 years and, if awarded for less than 3 years, may be  
21 renewed provided the total term of the grant does not exceed 3  
22 years. After receiving grants for 3 years, a previous grant  
23 recipient may apply for an additional grant provided the  
24 department evaluates the application with other grant applicants  
25 in an open competitive bidding process.

26  
27 7. Rulemaking. The department shall adopt rules as  
28 necessary to implement this section in accordance with the Maine  
29 Administrative Procedure Act, Title 5, chapter 375.

30  
31 8. Commencement of grants. The department shall complete  
32 its rulemaking and shall begin to make grants under this section  
33 no later than January 1, 1990, and shall award grants by April 1,  
34 1991.

35  
36 Sec. 4. 24-A MRSA c. 75 is enacted to read:

37 CHAPTER 75

38 SUBSIDIZED EXCESS INSURANCE PROGRAM

39 §6301. Program established

40 The Subsidized Excess Insurance Program is created to assist  
41 eligible small employers in providing health insurance coverage  
42 to their employees by providing excess insurance for risks over  
43

1 \$25,000 to specific stop-loss coverage of \$100,000 per individual  
3 per contract year in accordance with the terms of this chapter.

5 **§6302. Definitions**

7 As used in this chapter, unless the context otherwise  
9 indicates, the following terms have the following meanings.

11 1. Commission. "Commission" means the Small Employer  
13 Health Insurance Commission created in section 6306.

15 2. Director. "Director" means the Director of the Risk  
17 Management Division.

19 3. Small employer. "Small employer" means an employer with  
21 fewer than 10 full-year, full-time equivalent employees, as  
23 further defined in rules developed by the commission.

25 4. Subsidized Excess Insurance Program. "Subsidized Excess  
27 Insurance Program" means the program described in this chapter.

29 **§6303. Development of insurance product**

31 1. Submission of insurance product for approval. Any  
33 company or organization authorized to transact health insurance  
35 business in this State under section 414, or any company or  
37 organization authorized to transact business under section 4204  
39 or Title 24, section 2305, may apply to participate in the  
41 Subsidized Excess Insurance Program described in this section by  
43 submitting to the director for approval:

45 A. A proposed health insurance policy, contract or  
47 subscriber agreement to be offered to an eligible small  
49 employer; and

51 B. Proposed rates for the policy, contract or agreement,  
53 which shall reflect the State's provision of coverage in  
55 excess of \$25,000 to specific stop-loss coverage of \$100,000.

57 2. Evaluation of proposed product. The director shall  
59 evaluate the proposed policy and rates and may approve the  
61 product for participation in the program if:

63 A. The product meets the criteria established according to  
65 section 6306; and

67 B. The proposed rates are appropriate given the State's  
69 provision of coverage in excess of \$25,000 to specific  
71 stop-loss coverage of \$100,000.

73 3. Reevaluation; duration of approval. Once approved, a  
75 product must be resubmitted for approval when the organization

1 offering the product intends to increase the rates or change the  
2 terms of the product. The director or the commission may also  
3 require that the product be resubmitted for approval if the  
4 director or the commission has reason to believe that the product  
5 is not being administered properly, or for other good cause.

7 **§6304. State coverage with respect to approved insurance products**

9 1. Powers and duties of director. The Risk Management  
10 Division shall, on behalf of the State, provide or procure  
11 coverage of claims between \$25,000 and \$100,000 per individual  
12 per contract year for any approved policy. The director shall  
13 take into consideration any recommendation of the commission with  
14 respect to the method of providing excess insurance, and shall  
15 consider any methods authorized under Title 5, chapter 152,  
16 including purchasing excess insurance from any insurer  
17 participating in the program, to the extent permissible under  
18 Title 5, chapter 152.

19 **§6305. Authority of the Director of the Risk Management Division**

21 1. Powers and duties of director. In addition to the  
22 powers and duties granted in Title 5, section 1728-A, the  
23 director shall:

25 A. Establish procedures for filing of insurer policies,  
26 agreements and contracts;

29 B. Determine whether specific proposals of an insurer  
30 should be approved for the Subsidized Excess Insurance  
31 Program;

33 C. Set a maximum number of enrollees in the program for any  
34 year, based on the funds available and the cost of excess  
35 insurance;

37 D. Make other decisions necessary or appropriate to  
38 implementing this chapter for the purpose of encouraging  
39 employers to provide health insurance to their employees; and

41 E. Maintain a list of insurers participating in the  
42 Subsidized Excess Insurance Program and information on their  
43 policy descriptions and rates.

45 **§6306. Small Employer Health Insurance Commission**

47 1. Small Employer Health Insurance Commission created.  
48 There is established the Small Employer Health Insurance  
49 Commission, which shall coordinate the State's efforts to assist  
50 small employers in providing health insurance to their employees  
51 through the Subsidized Excess Insurance Program described in this

1 section and the tax credit for small employers described in Title  
3 36, section 5217-B.

5 A. The commission shall be composed of 11 members as  
7 follows: the Director of the Risk Management Division, or  
9 the director's designee; the Director of Medical Services,  
11 or the director's designee; the Superintendent of  
13 Insurance, or the superintendent's designee; 2  
15 representatives of small employers; 2 representatives of the  
17 commercial health insurance industry, one of whom shall be  
19 an agent or broker of insurance; one representative of  
21 nonprofit hospital or medical services organizations; one  
23 nonlegislator member of the Special Select Commission on  
25 Access to Health Care created in section 6071; and 2  
27 representatives of consumers of health care, to be appointed  
29 from lists of nominees to be presented by Pine Tree Legal  
31 Assistance Inc. and the AFL-CIO.

33 B. The Governor shall make appointments no later than  
35 October 1, 1989. The Governor shall notify the President of  
37 the Senate, the Speaker of the House of Representatives and  
39 the director as soon as all appointments are made.

41 C. Each member shall serve for a term of 2 years and may be  
43 reappointed for one or more additional consecutive terms.  
45 Vacancies shall be filled by the Governor to serve the  
47 remaining term of the vacating member.

49 D. The Director of the Risk Management Division, or the  
51 director's designee, shall be the chair of the commission.

E. Each member of the commission shall be compensated  
according to the provisions of Title 5, chapter 379.

F. A majority of the members of the commission shall  
constitute a quorum for all purposes, and no decisions of  
the commission shall be made without a quorum present and  
voting. A vote of the majority of the members present shall  
be sufficient for all actions of the commission.

G. The first meeting of the commission shall be called by  
the chair of the commission no later than 30 days after the  
chair receives notification indicating that all members of  
the commission have been appointed. Thereafter, the  
commission shall meet at the call of the chair of the  
commission or at the call of at least 1/4 of the members  
appointed and currently holding office.

H. The Risk Management Division shall provide staff and  
other assistance to the commission.

1           2. Powers and duties of the commission. The commission  
2           shall:

3  
4           A. Adopt rules no later than June 1, 1990, setting forth  
5           criteria for a health insurance plan which will qualify for  
6           excess insurance by the State, in accordance with subsection  
7           3;

8  
9           B. Adopt rules no later than June 1, 1990, setting forth  
10           criteria for an insurance plan which will qualify for the  
11           tax credit provided in Title 36, section 5217-B, taking into  
12           consideration currently available insurance products similar  
13           in scope to the plan qualifying for excess insurance under  
14           this section;

15  
16           C. Adopt rules to define "small employer" for purposes of  
17           this section which allow for the participation of  
18           self-employed individuals;

19  
20           D. Review the amount of the tax credit provided by Title  
21           36, section 5217-B and make recommendations to the  
22           Legislature of adjustments necessary to equalize the  
23           benefits received under that section and those received  
24           under the Subsidized Excess Insurance Program;

25  
26           E. Adopt rules in accordance with the Maine Administrative  
27           Procedure Act, Title 5, chapter 375; and

28  
29           F. Advise the director of the Risk Management Division with  
30           respect to the director's duties in implementing the program.

31  
32           3. Guidelines for insurance product to be offered. In  
33           adopting criteria for a health insurance plan that will qualify  
34           for this program, the commission shall include at least the  
35           following criteria:

36  
37           A. A minimum benefit package which shall emphasize primary  
38           care and preventive services to the maximum extent feasible;

39  
40           B. Plan design guidelines, including copayments,  
41           eligibility, deductibles and utilization review;

42  
43           C. Medical underwriting criteria;

44  
45           D. Minimum employer contribution to an employee's premium;  
46           and

47  
48           E. Minimum length of employer participation.  
49

1     §6307. Commencement of program

3             The director and the commission shall complete development  
5     of the Subsidized Excess Insurance Program no later than July 1,  
6     1990.

7             Sec. 5. 36 MRSA §5217-B is enacted to read:

9     §5217-B. Small employer health insurance credit

11            1. Credit allowed. Subject to the limits set forth in  
13     subsection 3, a taxpayer which constitutes an employing unit  
15     shall be allowed a credit against the tax imposed by this Part  
16     equal to 8.5% of the taxpayer's contributions in a tax year to a  
17     health insurance plan for its employees and their spouses and  
18     dependents if:

19            A. The plan, on each day of the tax year on which it is  
21     offered, meets the requirements set by the Small Employer  
22     Health Insurance Commission, pursuant to Title 24-A, section  
23     6306, subsection 2;

24            B. The taxpayer did not, prior to the first day of the  
26     first tax year for which the credit is claimed, make any  
27     contribution toward the cost of any health insurance plan  
28     for its employees;

29            C. The taxpayer employed fewer than 10 employees on each  
31     day in at least 9 months of the first tax year for which the  
32     credit is claimed; and

33            D. The taxpayer offered and made contributions to the plan  
35     for at least 9 months of the first tax year for which the  
36     credit is claimed, and for each month of the 2nd and 3rd tax  
37     year for which the credit is claimed.

38            2. Duration of credit. The credit may be claimed for 3 tax  
40     years. A taxpayer who was qualified to claim the tax credit in  
41     the first year is not precluded from claiming the credit in the  
42     2nd and 3rd tax years solely because it employs more than 9  
43     employees in the 2nd and 3rd tax years.

44            3. Limit on amount. A taxpayer may not claim credit for  
46     contributions made to a plan on behalf of more than 9 employees  
47     and the spouses and dependents of those 9 employees. The credit  
48     claimed for each tax year may not exceed \$84 per contract  
49     covering an individual or \$168 per contract including dependent  
50     coverage. This amount shall be reviewed in accordance with Title  
51     24-A, section 6306, subsection 2, paragraph D.

52            4. Refundable credit. If the amount of credit payable  
54     under this section for any tax year exceeds the tax due for that  
55     tax year, the taxpayer may receive a refund of any amount by  
56     which the credit exceeds the tax due.



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5. Coordination with Subsidized Excess Insurance Program.  
This credit may not be claimed by any taxpayer for any year in  
which the taxpayer participates in the Subsidized Excess  
Insurance Program described in Title 24-A, chapter 75.

6. Availability of tax credit. The credit may be claimed  
for tax years beginning after June 30, 1990.

**Sec. 6. Appropriation.** The following funds are appropriated  
from the General Fund to carry out the purposes of this Act.

	1989-90	1990-91
<b>ADMINISTRATION, DEPARTMENT OF</b>		
<b>Risk Management Division</b>		
Positions	(1)	(1)
Personal Services	\$50,000	\$50,000
All Other		2,400,000
To provide funds for the Subsidized Excess Insurance Program, including funds for one professional position, to provide expertise in health insurance.		
<b>DEPARTMENT OF ADMINISTRATION</b>		
<b>TOTAL</b>	<b>\$50,000</b>	<b>\$2,450,000</b>
<b>HUMAN SERVICES, DEPARTMENT OF</b>		
All Other	\$500,000	\$2,000,000
To provide funds for the Community Health Program grants to be awarded beginning January 1, 1990.		
<b>Bureau of Medical Services</b>		
All Other	\$150,000	\$25,614,161
To provide funds for the Maine Health Program, including funds for the development of the program in fiscal year 1989-90.		

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DEPARTMENT OF HUMAN SERVICES		
TOTAL	<u>\$650,000</u>	<u>\$27,614,161</u>
TOTAL APPROPRIATIONS	<u>\$700,000</u>	<u>\$30,064,161</u>

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

STATEMENT OF FACT

This bill sets forth programs recommended by the Special Select Commission on Access to Health Care. The bill provides for 4 programs designed to increase access to health care and to lessen the burden on 3rd-party payors of health care costs caused by bad debt and charity care, through creation of:

1. The Maine Health Program, a state-supported health benefits plan for persons whose household income equals up to 150% of the federal poverty level;
2. The Community Health Program grants, a grant program to assist community-based health care providers in providing, or improving access to, health care and to fund programs for health promotion and health education;
3. The Subsidized Excess Insurance Program, a program whereby the State will work with insurers to provide health insurance to the employees of small employers in the State by funding excess insurance of risks in excess of \$25,000 per individual, up to \$100,000; and
4. The small employer health insurance tax credit, a tax credit to encourage small employers who have not previously offered health insurance to their employees to offer and contribute toward insurance coverage.