

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

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H.P. 1078

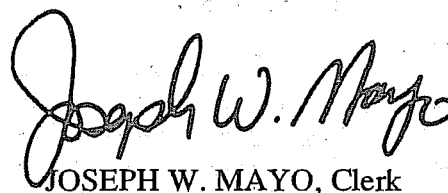
House of Representatives, May 5, 1993

An Act to Provide Choice within the Maine State Employee Health Insurance Program.

(AFTER DEADLINE)

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27. Reference to the Committee on Banking and Insurance suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative RYDELL of Brunswick.
Cosponsored by Representatives: COLES of Harpswell, FOSS of Yarmouth, HOLT of Bath, JOSEPH of Waterville, MARTIN of Eagle Lake, PFEIFFER of Brunswick, Senators: CAHILL of Sagadahoc, ESTY of Cumberland, HARRIMAN of Cumberland, McCORMICK of Kennebec.

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

4
Whereas, the Legislature has previously directed the
6 Department of Administrative and Financial Services through the
State Employee Health Commission to offer a health maintenance
8 organization option or preferred provider arrangements within the
State Employee Health Insurance Program with primary care
10 physicians serving as so-called "gatekeepers" managing
utilization as a means of holding down the health insurance
12 expenses of the State and its employees and providing routine
preventive care, which has been found to be beneficial for the
14 maintenance of health and cost-effective; and

16
Whereas, a particularly efficient way of providing such an
option while maintaining the availability of fee-for-service
18 health services is to offer a so-called point-of-service plan,
which is a plan that allows a patient to select either the
20 comprehensive health care benefits traditionally offered through
a managed care network program of a health maintenance
22 organization or care from the providers of a patient's choice
outside the network with traditional indemnity benefits; and

24
Whereas, the State Employee Health Commission has issued a
26 request for proposals for a point-of-service medical plan with
bids due by April 30, 1993, with bid opening and review beginning
28 May 3, 1993 and intends to make an award to a single bidder by
June 15, 1993; and

30
Whereas, in the judgment of the Legislature, the lowest cost
32 preventive care benefit package and widest availability of
providers may be obtained by permitting more than one
34 organization to offer point-of-service plans to those eligible to
participate in the State Employee Health Insurance Program; and

36
Whereas, the State and the State Employee Health Commission
38 need to provide the availability of such plans to the state
employees to reduce the costs of the State Employee Health
40 Insurance Program so as to avoid a serious detrimental impact on
the financial position of the State; and

42
Whereas, the aim of permitting more than one organization to
44 offer point-of-service plans through the State Employee Health
Insurance Program may be accomplished without disruption of the
46 ongoing bidding process by directing the State Employee Health
Commission to modify the process to permit more than one
48 organization or insurer to offer its point-of-service plan
through the program as hereinafter provided; and

50
Whereas, in the judgment of the Legislature, these facts
52 create an emergency within the meaning of the Constitution of

2 Maine and require the following legislation as immediately
3 necessary for the preservation of the public peace, health and
4 safety; now, therefore,

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

6 **Sec. 1. 5 MRSA §285, sub-§11 is enacted to read:**

7
8 11. Choice of health plans. Notwithstanding any contrary
9 provisions of subsection 5 or of section 1825-B, commencing July
10 1, 1993, the State Employee Health Commission, subject to the
11 provisions of this section, shall provide state employees and
12 others eligible to participate in the State Employee Health
13 Insurance Program with a choice of health plans provided by a
14 health maintenance organization as defined in Title 24-A, chapter
15 56, an insurer as defined in Title 24-A, chapter 32, or a
16 nonprofit service organization organized under Title 24-A,
17 chapter 19.

18
19 **Sec. 2. Choice of health plan.**

20
21 For the period commencing July 1, 1993 through at least June
22 30, 1995, the State Employee Health Insurance Commission,
23 referred to in this section as the "commission," shall provide a
24 choice of health plan in accordance with the following.

25
26 1. Within 30 days after the effective date of this section,
27 the State Employee Health Insurance Commission shall give written
28 notice to all persons to whom it previously furnished the April,
29 1993 request for proposals for a point-of-service plan of the
30 commission's intention to modify the bid procedure to permit it
31 to engage in competitive negotiation for the purposes of
32 establishing rates for point-of-service plans and purchasing
33 point-of-service plans from more than one bidder. Nothing in
34 this subsection is intended to relieve an organization or insurer
35 from any obligations it otherwise has to obtain regulatory
36 approval from the Bureau of Insurance.

37
38 2. To the extent not included in the April, 1993 request
39 for proposals, this notice must contain current demographic
40 information of the State Employee Health Insurance Program's
41 enrolled population and actuarial adjustment factors such as age,
42 sex and contract type, based upon the program's claims
43 experience. The notice may also request information on
44 experience with point-of-service and health maintenance
45 organization products; network size, makeup and geographic
46 location; and utilization management, claims and complaint
47 procedures; and must request bids with rates at which the bidder
48 is willing to provide the point-of-service plan. Responses from
49 bidders must be submitted within 30 days of the notice.

50
51 3. The commission shall negotiate with each of the
52 organizations and insurers who submit bids within the time

permitted by the notice, negotiating initially with the lowest
2 responsible bidder. Through these negotiations the commission
may refine the benefit design and shall establish the lowest
4 schedule of rates that is acceptable to the commission for such
point-of-service plans. The commission will complete
6 negotiations within 30 days after the date by which responses
must be provided to the commission. Nothing in this section
8 prohibits the commission from rejecting all of the bids.

10 4. Any organization or insurer that has submitted a bid in
response to or after the commission's notice within the time
12 permitted by the notice must be allowed to offer its
point-of-service plan with such a benefit design to those
14 eligible to participate in the State Employee Health Insurance
Program at the lowest schedule of rates, as long as the
16 organization or insurer has either statewide coverage or the
ability to arrange for services on a statewide basis. Within 15
18 days after completion of such negotiations the commission shall
purchase from each such organization or insurer wishing to offer
20 its point-of-service plan, policy or policies and contract
providing the point-of-service plan.

22 5. The point-of-service plan or plans for the State
24 Employee Health Insurance Program must be effective commencing as
soon as possible but not later than November 1, 1993 and must
26 remain effective through at least June 30, 1995. The commission
may extend its current contract for the point-of-service plan now
28 in effect until the date that the plans offered under this
section become effective.

30 6. On or before December 1, 1994, the commission shall file
32 a report with the Joint Standing Committee on Banking and
Insurance with its recommendations for any further statutory
34 amendments of the Maine Revised Statutes, Title 5, section 285 to
ensure the continuance of choice of health care benefits
36 products, accessibility for all eligible persons and maximization
of the economic benefits of managed competition in the State
38 Health Insurance Program.

40 7. The commission shall retain up to 2 consultants to
assist it in the process set forth in this section, the cost of
42 which must be borne by the organizations and insurers submitting
bids in response to or after the commission's notice; provided
44 that the total amount billed to the bidders is limited to an
amount equal to \$2 multiplied by the total enrolled subscribers
46 as established in Title 5, section 285, subsection 2 and the
total cost must be apportioned equally among the actual bidders.

48 **Emergency clause.** In view of the emergency cited in the
50 preamble, this Act takes effect when approved.

52

STATEMENT OF FACT

2
4 The purpose of this bill is to reduce the costs of the State
6 Employee Health Insurance Program so as to avoid a serious
8 detrimental impact on the financial position of the State. This
10 bill directs the State Employee Health Commission to provide
12 state employees with a choice of health plans provided by a
health maintenance organization, an insurer or a nonprofit
service organization. The bill directs the commission to modify
the ongoing bidding process to permit it to engage in competitive
negotiation for the purpose of establishing rates for
point-of-service plans and purchasing point-of-service plans from
more than one bidder.