

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1994

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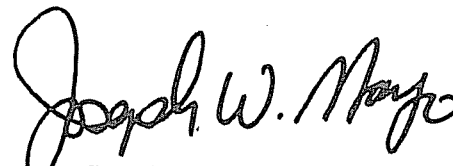
House of Representatives, March 1, 1994

**An Act to Continue Health Care Reform in Maine and Prepare for  
Federal Reforms.**

(EMERGENCY)

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

  
JOSEPH W. MAYO, Clerk

Presented by Representative CARLETON of Wells. (GOVERNOR'S BILL)  
Cosponsored by Representatives: DONNELLY of Presque Isle, KUTASI of Bridgton, TARDY  
of Palmyra, VIGUE of Winslow, WHITCOMB of Waldo, Senators: CAHILL of Sagadahoc,  
HARRIMAN of Cumberland.

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

4  
6 **Whereas,** the Governor believes that the State should pursue  
increasing access to affordable and quality health care; and

8 **Whereas,** the State has increased access to health care  
through a series of insurance reforms addressing continuity and  
10 portability of coverage, guaranteed issue, guaranteed renewal,  
community rating, standardized benefits and standardized claims  
12 forms. The State also has 2 grants that aim to increase the  
supply of primary care and mid-level providers; and

14  
16 **Whereas,** the State has implemented cost containment measures  
through certificate of need programs, the Maine Health Care  
Finance Commission, the Hospital Cooperation Act of 1992 and  
18 medical malpractice reforms; and

20 **Whereas,** the State has supported the improvement of the  
quality of care in the health care industry through the work on  
22 practice pattern variations and outcomes research; and

24 **Whereas,** the State needs to establish a mechanism to  
effectively respond to federal health care reform planning  
26 grants; and

28 **Whereas,** the State should have in place a broad-based,  
bipartisan planning process that positions the State to respond  
30 to federal health care reform measures as well as build on the  
State's accomplishments to date; and

32  
34 **Whereas,** in the judgment of the Legislature, these facts  
create an emergency within the meaning of the Constitution of  
36 Maine and require the following legislation as immediately  
necessary for the preservation of the public peace, health and  
38 safety; now, therefore,

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

42 **PART A**

44 **Sec. A-1. Maine Health Resource Management Council established.**

46 **1. Goal.** The Maine Health Resource Management Council,  
referred to in this Part as the "council," is established to  
48 create a bipartisan process to address state and federal reforms  
with regard to their effect on the health of all citizens of this  
State and on the State's economy. The council shall make

2 recommendations to the Governor and the Legislative Council  
regarding future directions for the State's health system.

4       **2. Members.** The council consists of 26 members as  
6 follows. The Governor shall appoint all representatives to the  
council from nominees submitted unless otherwise indicated.  
8 Members must be appointed by the Governor for their knowledge and  
experience in the health care industry. The council shall  
10 designate a chair and a vice-chair. The chair is the presiding  
member of the council. The members are:

12       A. One Senator appointed by the President of the Senate and  
one Senator appointed by the minority leader of the Senate,  
14 one member of the House of Representatives appointed by the  
Speaker of the House of Representatives and one member of  
16 the House of Representatives appointed by the minority  
leader of the House of Representatives;

18       B. One representative from the Department of Human Services;

20       C. One representative from the Department of Administrative  
22 and Financial Services;

24       D. One representative from the Bureau of Insurance;

26       E. One commissioner and one staff member from the Maine  
Health Care Finance Commission;

28       F. Two consumers, one appointed by the Governor and one  
30 appointed jointly by the President of the Senate and the  
Speaker of the House of Representatives;

32       G. One representative from the public health industry from  
34 nominees submitted by the Maine Public Health Association;

36       H. One representative from the nursing home industry from  
nominees submitted by the Maine Health Care Association;

38       I. One representative from the hospital industry from  
40 nominees submitted by the Maine Hospital Association;

42       J. One representative from the home health industry from  
nominees submitted by the Home Care Alliance;

44       K. One representative from the insurance industry;

46       L. One representative from a nonprofit hospital or medical  
48 service organization;

2 M. Two physicians from nominees submitted by the Maine  
Medical Association and the Maine Osteopathic Association;

4 N. One nurse from nominees submitted by the Maine State  
Nurses Association;

6 O. One representative from the mental health industry from  
8 nominees submitted jointly by the Maine Psychological  
10 Association and the Maine Council of Community Mental Health  
Services;

12 P. One representative from organized labor; and

14 Q. Four representatives from private industry, 2  
16 representing large employers, one from a rural area and one  
18 from an urban area, from nominees submitted by the Maine  
20 Chamber of Commerce and 2 representing small employers, one  
from a rural area and one from an urban area, from nominees  
submitted by the National Federation of Independent Business.

22 **3. Compensation.** Members of the council are not entitled  
to compensation.

24 **4. Terms.** The Legislators serve during the term for which  
they were elected. A vacancy must be filled for the balance of  
26 the unexpired term in the same manner as the original  
appointment. Within 30 calendar days of a vacancy notice, a list  
28 of nominees must be presented to the Governor. The Governor  
shall subsequently appoint a new member to fill the vacancy  
30 within 30 calendar days.

32 **5. Scope of authority.** The council shall:

34 A. Establish a set of guiding principles to achieve the  
goal of the council;

36 B. Assess the impact of health insurance reforms and other  
38 reforms affecting the affordability, accessibility and  
quality of health care in the State;

40 C. Develop evaluation criteria for the work of the council  
42 to be used to measure the progress of the council;

44 D. Create a broad-based, bipartisan planning process to  
46 position the State to assess the implications of state and  
federal health care reform measures. The council is  
48 responsible for the development of state policies and the  
recommendation of changes in laws or rules to implement the  
reforms. The council shall:

50

- 2 (1) Develop a policy to facilitate the development of  
4 networks or alliances. The policy must address current  
barriers to network formation as well as the regulation  
of networks;
- 6 (2) Establish a policy for uniform standards and  
8 formats for the collection of health care data and  
requirements for data submissions to monitor state  
10 health expenditures; and
- 12 (3) Conduct a statewide health care personnel  
14 assessment to quantify need and develop strategies to  
address that need in both urban and rural areas;
- 16 E. Develop a mechanism to effectively respond to federal  
health care reform planning grants;
- 18 F. Develop a mechanism to explore the reaction of the  
20 citizens of the State to reform options and the potential  
impact of these options;
- 22 G. Establish ad hoc subcommittees for technical and  
24 advisory assistance as appropriate;
- 26 H. Adopt the principles of the Maine Quality Management  
Council to proceed with any action initiated by the council;
- 28 I. Solicit, receive and accept grants or other funds from  
30 any person or entity and enter into agreements with respect  
to these grants or other funds regarding the undertaking of  
32 studies, plans or demonstration projects. The council may  
charge and retain fees to recover the reasonable costs  
34 incurred in reproducing and distributing reports, studies  
and other publications;
- 36 J. Contract for services necessary to carry out the  
38 activities of the council; and
- 40 K. Request any necessary data from either private or public  
42 entities that relates to the goals and activities of the  
council. All data released by the council must protect the  
44 confidentiality of the entity or individual and must,  
whenever possible, be released as aggregate data.
- 46 **6. Duration.** The beginning date for the council is May 1,  
1994. The ending date is February 6, 1996, unless the council  
48 determines its work is completed prior to that date.
- 50 **7. Staffing.** The Department of Human Services and the  
State Planning Office shall staff the council.

2           **8. Reports.** The council shall prepare and submit an  
interim report, including any necessary legislation or  
4 recommendations, by January 5, 1995 to the Governor and the  
Legislature. The council shall submit a final report, including  
6 any necessary legislation, to the Governor and the Legislature by  
January 6, 1996.

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PART B

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**Sec. B-1. 24-A MRSA §2302-B** is enacted to read:

14

**§2302-B. Penalty for noncompliance with managed care programs**

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A contract issued or renewed by a nonprofit service  
18 organization after the effective date of this section may not  
contain a provision that establishes a penalty of more than \$500  
20 for noncompliance with a managed care program.

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**Sec. B-2. 24-A MRSA §2736-C, sub-§1, ¶C**, as enacted by PL  
1993, c. 477, Pt. C, §1 and affected by Pt. F, §1, is amended to  
24 read:

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C. "Individual health plan" means any hospital and medical  
expense-incurred policy or health, hospital or medical  
service corporation plan contract. "Individual health plan"  
includes both individual contracts and certificates issued  
under group contracts specified in section 2701, subsection  
2, paragraph C. "Individual health plan" does not include  
the following types of insurance:

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(1) Accident;

36

(2) Credit;

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(3) Disability;

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(4) Long-term care or nursing home care;

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(5) Medicare supplement;

44

(6) Specified disease;

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(7) Dental or vision;

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(8) Coverage issued as a supplement to liability  
insurance;

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2 (9) Workers' compensation;

4 (10) Automobile medical payment; or

6 (11) Insurance under which benefits are payable with or  
8 without regard to fault and that is required  
statutorily to be contained in any liability insurance  
policy or equivalent self-insurance.

10 Sec. B-3. 24-A MRSA §2736-C, sub-§8 is enacted to read:

12 8. Authority of the superintendent. The superintendent may  
14 by rule define one or more standardized individual health plans  
16 that must be offered by all carriers offering individual health  
plans in the State.

18 Sec. B-4. 24-A MRSA §2749-B is enacted to read:

20 §2749-B. Penalty for noncompliance with managed care programs

22 A health insurance policy issued or renewed in this State  
24 after the effective date of this section may not contain a  
provision that establishes a penalty of more than \$500 for  
noncompliance with a managed care program.

26 Sec. B-5. 24-A MRSA §2772, sub-§5 is enacted to read:

28 5. Penalty for noncompliance with managed care programs. A  
30 medical utilization review program may not recommend or implement  
32 a penalty of more than \$500 for noncompliance with any managed  
care program.

34 Sec. B-6. 24-A MRSA §2808-C is enacted to read:

36 §2808-C. Standardized plan; large group

38 The superintendent, by rule, may define one or more  
40 standardized group health insurance plans that must be offered by  
all carriers offering group health plans in the State to groups  
or subgroups of 25 or more persons.

42 Sec. B-7. 24-A MRSA §2847-D is enacted to read:

44 §2847-D. Penalty for noncompliance with managed care programs

46 A policy or certificate issued or renewed after the  
48 effective date of this section may not contain a provision that  
establishes a penalty of more than \$500 for noncompliance with a  
managed care program.

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2           5. Repeals the provision requiring certain employers to  
4 offer an alternative health benefit coverage option.

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**This document has not yet been reviewed to determine the  
need for cross-reference, stylistic and other technical  
amendments to conform existing law to current drafting standards.**