

# MAINE STATE LEGISLATURE

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# 118th MAINE LEGISLATURE

## FIRST SPECIAL SESSION-1997

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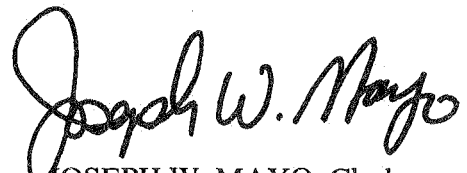
House of Representatives, April 3, 1997

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**An Act to Establish the Maine Single-payor Health Care Plan and to  
Restructure the State Tax System.**

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Reference to the Committee on Health and Human Services and the Committee on  
Taxation suggested and ordered printed pursuant to Joint Rule 308.3.

  
JOSEPH W. MAYO, Clerk

Presented by Representative VOLENIK of Brooklin.  
Cosponsored by Representatives: BRENNAN of Portland, BROOKS of Winterport, FULLER  
of Manchester, HATCH of Skowhegan, JONES of Bar Harbor, SAMSON of Jay, STEVENS  
of Orono, Senator: RAND of Cumberland.

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

4 PART A

6 Sec. A-1. 24-A MRSA c. 83 is enacted to read:

8 CHAPTER 83

10 MAINE SINGLE-PAYOR HEALTH CARE PLAN

12 SUBCHAPTER I

14 GENERAL PROVISIONS

16 §6701. Maine Single-payor Health Care Plan established

18 There is established the Maine Single-payor Health Care Plan  
20 to provide health care coverage to all citizens of this State  
22 through a plan that emphasizes cost containment, choice of  
24 provider and access to comprehensive, preventive and long-term  
26 care.

28 §6702. Definitions

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

34 1. Commissioner. "Commissioner" means the Commissioner of  
36 Health Security.

38 2. Department. "Department" means the Department of Health  
40 Security.

42 3. Fund. "Fund" means the Maine Single-payor Health Care  
44 Fund.

46 4. Plan. "Plan" means the Maine Single-payor Health Care  
48 Plan.

50 5. Plan enrollee. "Plan enrollee" means a person enrolled  
in the plan.

6. Provider. "Provider" means any person, organization,  
corporation or association that provides health care services and  
is authorized to provide those services under the laws of this  
State. "Provider" includes persons and entities that provide  
healing, treatment and care for those relying on a recognized  
religious method of healing as provided for in the Social  
Security Act, Title XVIII and permitted under state law.

2        7. Resident. "Resident" means a person who resides within  
the State, as defined by rules adopted by the commissioner.

4        **§6703. Rulemaking**

6        The commissioner shall adopt rules necessary to implement  
this chapter. Rules adopted pursuant to this chapter are routine  
8        technical rules as defined in Title 5, chapter 375, subchapter  
II-A.

10                                **SUBCHAPTER II**

12                                **ELIGIBILITY AND COVERED HEALTH CARE SERVICES**

14        **§6711. Eligibility and covered health care services**

16        Residents of the State are eligible to receive covered  
18        health care services under the plan in accordance with this  
section.

20        1. Eligibility. The following persons are eligible for the  
22        plan and must apply for an identification card to enroll in the  
plan:

24                A. A permanent resident of the State and that resident's  
26                dependents;

28                B. A person who resides in another jurisdiction if the  
30                State has a reciprocal agreement with that jurisdiction or  
32                that person signs authorization for payment through another  
health insurance or health benefits plan; and

34                C. A person who is unable to provide information or  
36                documentation of health care plan eligibility because of a  
health care condition is covered for the period in which  
that person is unable to provide the information.

38        2. Covered health care services. The plan must provide  
40        coverage for health care services from a participating provider  
within this State if those services are determined appropriate by  
42        the provider for the patient, except that the plan may not  
provide cosmetic and elective services. Copayments may be  
44        charged only when specifically allowed by law. Deductibles may  
not be charged to plan enrollees. Covered health care must  
46        include all services and providers for which coverage is mandated  
under this Title and must include the following:

48                A. Inpatient and outpatient services provided by health  
50                care facilities;

2 B. Medical and other professional services furnished by  
4 participating providers, including prenatal, maternity and  
6 well-child care, hearing and eye care and hearing aids and  
8 glasses, immunizations and preventive care, podiatric care  
10 and chiropractic care;

12 C. Laboratory and diagnostic tests and imaging procedures,  
14 including mammograms, dialysis and screening services;

16 D. Long-term care services, including institutional and  
18 residential care, home health and hospice care,  
20 community-based care, personal assistance and attendant  
22 care. Copayments may be used on a sliding scale;

24 E. Rehabilitative services, medical equipment, prosthetics  
26 and health-related appliances;

28 F. Prescription drugs. The plan may charge a copayment on  
30 a sliding scale up to a maximum copayment of \$5 when the  
32 medication is not used as part of hospital or emergency  
34 treatment;

36 G. Mental health services and substance abuse treatment,  
38 including services for diseases of the brain, emergency  
40 services, diagnosis, assessment, referral and treatment,  
42 detoxification, psychological testing, home and  
44 institutional care, day and evening programs, psychotherapy  
46 and psychosocial rehabilitation, self-help and peer group  
48 programs and laboratory services. Copayments may be charged  
50 on a sliding scale;

H. Dental services, including emergency services,  
preventive and corrective dentistry and noncosmetic  
orthodontia for minors. As the fund permits, preventive and  
corrective dentistry may be provided for adults;

I. Health care services payable pursuant to Title 39-A for  
all employees whose date of injury is on or after the  
effective date of this chapter;

J. Any other services determined to be appropriate by the  
commissioner and for which there are sufficient funds; and

K. Any other services provided on an emergency basis if  
determined by the commissioner to be necessary to ensure the  
health of the general population.

**3. Service delivery.** Covered health care services are  
governed by the following provisions.

2 A. Covered health care services must be provided to plan  
4 enrollees by the participating providers who are located  
6 within the State and who are chosen by the plan enrollees.

8 B. The plan must pay for health care services provided to a  
10 plan enrollee while the enrollee is temporarily outside the  
12 State. The maximum period of time a plan enrollee may be  
14 covered while out of state is 90 days per year. A plan  
16 enrollee may qualify to begin services out of state but, in  
18 order to receive continued treatment, may be required to  
20 receive treatment within the State. Reimbursement for  
22 services rendered out of state must be at rates set by the  
24 commissioner.

26 C. Reciprocal coverage may be arranged by the commissioner  
28 with other jurisdictions.

30 D. A participating provider may not charge plan enrollees  
32 or 3rd parties for covered health services in excess of the  
34 amount reimbursed to that provider by the plan.

36 E. A participating provider may not refuse to provide  
38 services to a plan enrollee on the basis of health status,  
40 medical condition, previous insurance status, race, color,  
42 creed, age, national origin, citizenship status, gender,  
44 sexual orientation, disability or marital status.

46 F. A participating provider shall submit for payment by the  
48 fund bills that satisfy the standardized billing  
50 requirements of Title 24, section 2985. All bills for a  
52 service must be submitted within 45 days of providing the  
54 service to the enrollee.

56 G. The plan must pay cash benefits for health care services  
58 provided to plan enrollees at rates established by the  
60 commissioner and must pay interest at 1% per month on bills  
62 unpaid 45 days after receipt by the plan.

64 4. Provision of information by participating providers. A  
66 participating provider shall make information available to the  
68 commissioner and permit examination of its records as necessary  
70 for the purposes of this chapter.

72 5. Role of other health care programs. Until the  
74 commissioner determines otherwise, the plan is supplemental to  
76 all coverage available to a plan enrollee from another health  
78 care program, including, but not limited to, the following  
80 programs:

2 A. The Medicare program of the Social Security Act, Title  
4 XVIII; the Medicaid program of the Social Security Act,  
6 Title XIX; the civilian health and medical program as  
8 referred to in 10 United States Code, Sections 1071 to 1106;  
10 the federal Indian Health Care Improvement Act, 25 United  
12 States Code, Sections 1601 to 1682; other 3rd-party payors  
14 who may be billable for health care services; and any state  
16 and local health programs, including, but not limited to,  
18 workers' compensation and employers' liability insurance  
20 pursuant to former Title 39 and Title 39-A.

22 Health care services billed to 3rd-party payors must be paid for  
24 by those programs and coverage under the plan is supplemental to  
26 that coverage.

28 Plan enrollees who receive health care services under another  
30 health care program or from a 3rd-party payor to which the plan  
32 is supplemental shall pay a reduced premium to the plan that  
34 reflects that other coverage at a rate determined by the  
36 commissioner.

### 38 SUBCHAPTER III

#### 40 DEPARTMENT OF HEALTH SECURITY

##### 42 §6721. Administration

44 The Department of Health Security is established to  
46 administer the plan. The department operates as an independent  
48 agency of the State within the Executive branch.

50 1. Commissioner. The Commissioner of Health Security is  
1 appointed by the Governor, subject to review by the joint  
2 standing committee of the Legislature having jurisdiction over  
3 human resource matters and to confirmation by the Legislature,  
4 and serves at the pleasure of the Governor.

5 2. Duties of commissioner. The duties of the commissioner  
6 include: implementing this chapter; promoting the purposes of  
7 the plan; setting reimbursement rates for participating  
8 providers; adopting rules necessary to implement the plan;  
9 establishing systems for enrollment, registration of providers  
10 for participation, rate setting and contracts with providers of  
11 services and pharmaceuticals; developing a budget and  
12 administering the revenues of the plan; employing staff as  
13 necessary to implement this chapter; and conducting public  
14 hearings annually or more frequently regarding resource  
15 allocation, revenue and services.

2 The commissioner shall stress prevention of disease and  
3 maintenance of health in the implementation of this plan and  
4 shall retain and strengthen existing health facilities whenever  
5 possible.

6 **§6722. Maine Health Care Plan Fund**

8 **1. Fund established.** The Maine Health Care Plan Fund is  
9 established to finance the plan.

10 A. Deposits into the fund and expenditures from the fund  
11 must be made pursuant to this section and to rules adopted  
12 by the commissioner to carry out the purposes of this  
13 section. Payments into the fund may include premiums  
14 charged to plan enrollees, copayments from plan enrollees,  
15 payments from other governmental units, payments from  
16 3rd-party payors, payments under agreements of cooperation  
17 and coordination for plan enrollees in other insurance or  
18 health benefit programs and payments under any system of  
19 revenue or taxation imposed by the Legislature to fund the  
20 plan.

21 B. All income generated pursuant to this chapter must be  
22 deposited into the fund, which may not lapse but must be  
23 carried forward from one fiscal year to the next.

24 C. All funds remaining in the fund at the end of the fiscal  
25 year must be reported to the Legislature by January 1st of  
26 the following year and may be used, by vote of the  
27 Legislature, to expand the coverage of services paid for by  
28 the plan.

29 D. Expenditures from the fund are authorized for payments  
30 to participating providers for health care services  
31 rendered, payments for administration of the fund, the plan  
32 and the department and any other payments made pursuant to  
33 law.

34 **2. Budget.** The annual administrative costs for the  
35 department and for all administrative aspects of the plan may not  
36 exceed 5% of the total annual budget for the fund. The  
37 commissioner shall implement cost-control measures to reduce  
38 administrative costs and eliminate unnecessary health care.  
39 Cost-control measures may not be implemented to limit necessary  
40 health care.

41 **3. Funding.** Funding must be provided from a combination of  
42 sources, including the following:



2 A. Payments from other government sources, including  
federal, state and other government health and aid programs;

4 B. Payments from health insurance employee benefit,  
workers' compensation and pension plans and programs as  
6 provided by this chapter and the rules adopted to implement  
8 this chapter;

10 C. Payments from state, county and municipal governmental  
units for coverage provided to employees of those units; and

12 D. Payments from any taxes or fees imposed by the  
14 Legislature to fund the plan.

16 **§6723. Phase-in of services**

18 The commissioner shall bring into the plan within 2 years of  
the effective date of this chapter all employers that are not  
20 exempt by law. Employers that are unable to discontinue their  
contractual arrangements for employee coverage during that period  
22 must be brought into the plan after 2 years with appropriate  
adjustment in the applicable payroll tax. Capitalization costs  
24 may be charged by the commissioner during the first 2 years of  
operation of the plan to properly finance the fund.

26 **§6724. Reports**

28 1. Annual report. By January 1st of each year, the  
commissioner shall submit to the Governor and the Legislature an  
30 annual report of the department's operations and activities  
during the previous year and the funding, tax and budget status  
32 of the plan.

34 2. Public information. The commissioner may publish and  
disseminate information helpful to the citizens of this State in  
36 making informed choices in obtaining health care.

38 Sec. A-2. Report. By January 1, 1999, the Commissioner of  
Health Security shall report to the joint standing committee of  
40 the Legislature having jurisdiction over human resource matters  
on options for coordination of the Maine Single-payor Health Care  
42 Plan with other health plans and options for the Maine  
Single-payor Health Care Plan to take over coverage of some  
44 persons on those other health plans with the plans to take effect  
January 1, 2000.

48 **PART B**

50 Sec. B-1. 2 MRSA §6, sub-§3, as amended by PL 1993, c. 410,  
Pt. CCC, §1, is further amended to read:



2           **Sec. C-2. 30-A MRSA §4358, sub-§4, ¶B**, as enacted by PL 1989,  
c. 104, Pt. A, §45 and affected by Pt. C, §10, is amended to read:

4           B. If no such bill of sale is presented, evidence of  
6           certification of payment of the sales tax in accordance with  
~~Title 36, section 1760, subsection 40,~~ and Title 36, section  
8           1952-B.

10           **Sec. C-3. 30-A MRSA §7060, sub-§1, ¶C**, as amended by PL 1989,  
c. 104, Pt. C, §§8 and 10, is further amended to read:

12           C. Requiring persons, other than a dealer licensed by the  
14           State with a sales tax certificate issued by the State Tax  
16           Assessor, who intend to construct or locate in the  
plantation new manufactured housing, as defined in section  
4358, subsection 1, to provide:

18                   (1) A bill of sale indicating the name, address,  
20                   dealer registration number and sales tax certificate  
22                   number of the person who sold or provided the  
manufactured housing to the buyer locating the housing  
in the plantation; or

24                   (2) Certification of payment of the sales tax in  
26                   accordance with ~~Title 36, section 1760, subsection 40~~  
and Title 36, section 1952-B.

28           In any plantation which that requires a permit for  
30           manufactured housing, the permit is deemed to be not  
32           approved or valid until payment of the sales tax has been  
certified with the assessors or the Maine Land Use  
Regulation Commission.

34           **Sec. C-4. 36 MRSA §198, sub-§1**, as enacted by PL 1985, c. 430,  
36           §3, is amended to read:

38           **1. Group 1.** Tax expenditures which that are contained in  
the following provisions of law shall must be reviewed by January  
40           1, 1986, and every 4 years thereafter:

42                   A. Section 1752; and

44                   B. ~~Section 1760, subsections 1 to 9-C,~~ and

46                   C. Chapter 357.

48           **Sec. C-5. 36 MRSA §198, sub-§2, ¶A**, as enacted by PL 1985, c.  
430, §3, is repealed.

2           **Sec. C-6. 36 MRSA §198, sub-§2, ¶¶D and E**, as enacted by PL  
1985, c. 430, §3, are amended to read:

4           D. Section 1863; and

6           E. Section 2012~~+~~.

8           **Sec. C-7. 36 MRSA §198, sub-§2, ¶¶F and G**, as enacted by PL  
1985, c. 430, §3, are repealed.

10           **Sec. C-8. 36 MRSA §198, sub-§3**, as enacted by PL 1985, c. 430,  
12 §3, is repealed.

14           **Sec. C-9. 36 MRSA §1752, sub-§17-A, ¶G**, as amended by PL 1993,  
c. 701, §4, is further amended to read:

16           G. Rental of video tapes and video equipment; and

18           **Sec. C-10. 36 MRSA §1752, sub-§17-A, ¶H**, as amended by PL 1995,  
20 c. 281, §14 and affected by §42, is further amended to read:

22           H. Rental or lease of an automobile~~+~~;

24           **Sec. C-11. 36 MRSA §1752, sub-§17-A, ¶¶I to N** are enacted to  
read:

26           I. Personal services;

28           J. Amusement and recreational services;

30           K. Professional services;

32           L. Business services;

34           M. Construction services; and

36           N. Medical services.

38           **Sec. C-12. 36 MRSA §1760**, as corrected by RR 1995, c. 2, §§94  
40 and 95, is repealed.

42           **Sec. C-13. 36 MRSA §1760-B**, as enacted by PL 1985, c. 691,  
§17, is repealed.

44           **Sec. C-14. 36 MRSA §1765**, as amended by PL 1989, c. 588, Pt.  
46 C, §4, is repealed.

48           **Sec. C-15. 36 MRSA §2013**, as amended by PL 1993, c. 680, Pt.  
A, §30, is repealed.

50

2           **Sec. C-16. 36 MRSA §2014**, as enacted by PL 1983, c. 560, §§4  
and 6, is repealed.

4           **Sec. C-17. 36 MRSA §2015**, as enacted by PL 1993, c. 701, §8  
and affected by §10, is repealed.

6           **Sec. C-18. 36 MRSA §5111, sub-§1-A**, as enacted by PL 1991, c.  
8 591, Pt. YY, §2 and affected by §7, is repealed and the following  
enacted in its place:

10           **1-A. Single individuals and married persons filing separate**  
12 **returns. For single individuals and married persons filing**  
**separate returns:**

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$20,000</u>	<u>10% of the Maine taxable income</u>
<u>At least \$20,000 but less than \$100,000</u>	<u>\$2,000 plus 15% of the excess over \$20,000</u>
<u>\$100,000 or more</u>	<u>\$14,000 plus 20% of the excess over \$100,000</u>

24           **Sec. C-19. 36 MRSA §5111, sub-§2-A**, as enacted by PL 1991, c.  
28 591, Pt. YY, §4 and affected by §7, is repealed and the following  
enacted in its place:

30           **2-A. Heads of households. For unmarried individuals or**  
32 **legally separated individuals who qualify as heads of households:**

<u>If Maine taxable income is:</u>	<u>The tax is:</u>
<u>Less than \$30,000</u>	<u>10% of the Maine taxable income</u>
<u>At least \$30,000 but less than \$150,000</u>	<u>\$3,000 plus 15% of the excess over \$30,000</u>
<u>\$150,000 or more</u>	<u>\$21,000 plus 20% of the excess over \$150,000</u>

2           **Sec. C-20. 36 MRSA §5111, sub-§3-A**, as enacted by PL 1991, c.  
3 591, Pt. YY, §6 and affected by §7, is repealed and the following  
4 enacted in its place:

5           **3-A. Individuals filing married joint returns or surviving**  
6 **spouses.** For individuals filing married joint returns or  
7 surviving spouses permitted to file a joint return:

8	<u>If Maine taxable income is:</u>	<u>The tax is:</u>
10	<u>Less than \$40,000</u>	<u>10% of the Maine</u>
12		<u>taxable income</u>
14	<u>At least \$40,000</u>	<u>\$4,000 plus 15%</u>
16	<u>but less than</u>	<u>of the excess</u>
16	<u>\$200,000</u>	<u>over \$40,000</u>
18	<u>\$200,000 or more</u>	<u>\$28,000 plus</u>
20		<u>20% of the</u>
22		<u>excess over</u>
		<u>\$200,000</u>

23           **Sec. C-21. 36 MRSA §5200, first ¶**, as repealed and replaced by  
24 PL 1983, c. 477, Pt. F, sub-Pt. 3, §1, is repealed and the  
25 following enacted in its place:

26           A tax is imposed upon the Maine net income of taxable  
27 corporations for each taxable year at the following rates:

30	<u>If the Maine net income is:</u>	<u>The tax is:</u>
32	<u>Not over \$25,000</u>	<u>7% of the Maine</u>
34		<u>net income</u>
36	<u>\$25,000 but not over</u>	<u>\$1,750 plus 15%</u>
38	<u>\$75,000</u>	<u>of the excess</u>
40		<u>over \$25,000</u>
42	<u>\$75,000 but not over</u>	<u>\$9,250 plus 20%</u>
44	<u>\$250,000</u>	<u>of the excess</u>
46		<u>over \$75,000</u>
48	<u>\$250,000 or more</u>	<u>\$32,500 plus 25%</u>
		<u>of the excess</u>
		<u>over \$250,000</u>

**Sec. C-22. Referendum for ratification; submission at statewide election; form of question; effective date.** This Act must be submitted to the legal voters of the State of Maine at a statewide election held on the Tuesday following the first Monday of November in 1998. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Act by voting on the following questions:

Question A:

"Do you favor establishing the Maine Single-payor Health Care Plan?"

Question B:

"Do you favor the restructuring of the State Tax System for the purpose of establishing the Maine Single-payor Health Care Plan?"

The legal voters of each city, town and plantation shall vote by ballot on these questions and designate their choice by a cross or check mark placed within a corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns and, if a majority of the legal votes are cast in favor of the Act, the Governor shall proclaim the result without delay, and the Act becomes effective January 1, 1999.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Act necessary to carry out the purpose of this referendum.

### SUMMARY

Part A of this bill establishes the Maine Single-payor Health Care Plan. It establishes the Department of Health Security as an independent agency to administer the plan. Under the plan, enrollees pay premiums to the plan and choose their own health care providers and the plan pays their bills. Coverage under the plan is supplemental to other coverage. The bill requires a report from the Commissioner of Health Security to the joint standing committee of the Legislature having jurisdiction over human resource matters on the options for coordination of the plan with other health plans and for the plan to take over coverage of some persons covered by those health plans. The bill requires an annual report from the commissioner to the Governor and the Legislature on the operation and activities of the plan.

2 Part B of the bill establishes the position of Commissioner  
of Health Security. It establishes the pay range for the  
commissioner as range 89.

4

6 Part C of the bill repeals all sales tax exemptions and  
increases income tax rates to raise revenue to implement the  
Maine Single-payor Health Care Plan. The bill also requires that  
8 this legislation be submitted to the voters of the State for  
acceptance through referendum.