

# MAINE STATE LEGISLATURE

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# 119th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1999

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Legislative Document

No. 2059

H.P. 1436

House of Representatives, March 25, 1999

**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 Banking and Insurance suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative VOLENIK of Brooklin.  
Cosponsored by Senator PINGREE of Knox and  
Representatives: COWGER of Hallowell, DUDLEY of Portland, GREEN of Monmouth,  
HATCH of Skowhegan, O'NEIL of Saco, PIEH of Bremen, SAXL of Portland, TWOMEY of  
Biddeford.

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

PART A

Sec. A-1. 24-A MRSA c. 87 is enacted to read:

CHAPTER 87

MAINE SINGLE-PAYOR HEALTH CARE PLAN

SUBCHAPTER I

GENERAL PROVISIONS

§6901. Maine Single-payor Health Care Plan established

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

§6902. Definitions

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

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

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

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

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

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.

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

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**§6903. Rulemaking**

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

**SUBCHAPTER II**

**ELIGIBILITY AND COVERED HEALTH CARE SERVICES**

**§6911. Eligibility and covered health care services**

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

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

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

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

A person who is unable to provide information or 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.

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

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

B. Medical and other professional services furnished by participating providers, including prenatal, maternity and well-child care, hearing and eye care and hearing aids and

2 glasses, immunizations and preventive care, podiatric care  
3 and chiropractic care;

4 C. Laboratory and diagnostic tests and imaging procedures,  
5 including mammograms, dialysis and screening services;

6 D. Long-term care services, including institutional and  
7 residential care, home health and hospice care,  
8 community-based care, personal assistance and attendant  
9 care. Copayments on a sliding scale may be charged for  
10 these services;

11 E. Rehabilitative services, medical equipment, prosthetics  
12 and health-related appliances;

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

17 G. Mental health services and substance abuse treatment,  
18 including services for diseases of the brain, emergency  
19 services, diagnosis, assessment, referral and treatment,  
20 detoxification, psychological testing, home and  
21 institutional care, day and evening programs, psychotherapy  
22 and psychosocial rehabilitation, self-help and peer group  
23 programs and laboratory services. Copayments may be charged  
24 on a sliding scale;

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

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

32 J. Other services determined to be appropriate by the  
33 commissioner for which there are sufficient funds; and

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

37 3. Service delivery. Covered health care services are  
38 governed by this subsection.

39 A. Covered health care services must be provided to plan  
40 enrollees by participating providers who are located within  
41 the State and who are chosen by the plan enrollees.

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

20 C. Reciprocal coverage may be arranged by the commissioner  
22 with other jurisdictions.

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

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

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

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

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

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

76 A. The Medicare program of the Social Security Act, Title  
78 XVIII; the Medicaid program of the Social Security Act,  
80 Title XIX; the civilian health and medical program as  
82 referred to in 10 United States Code, Sections 1071 to 1106;  
84 the federal Indian Health Care Improvement Act, 25 United  
86 States Code, Sections 1601 to 1682; other 3rd-party payors  
88 who may be billable for health care services; and any state

2 and local health programs, including, but not limited to,  
3 workers' compensation and employers' liability insurance  
4 pursuant to former Title 39 and Title 39-A.

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

8 Plan enrollees who receive health care services under another  
9 health care program or from a 3rd-party payor to which the plan  
10 is supplemental shall pay a reduced premium to the plan that  
11 reflects that other coverage at a rate determined by the  
12 commissioner.

### 13 **SUBCHAPTER III**

### 14 **DEPARTMENT OF HEALTH SECURITY**

#### 15 **§6921. Administration**

16 The Department of Health Security is established to  
17 administer the plan. The department operates as an independent  
18 agency of the State within the executive branch.

19 1. Commissioner. The Commissioner of Health Security is  
20 appointed by the Governor, subject to review by the joint  
21 standing committee of the Legislature having jurisdiction over  
22 human resource matters and to confirmation by the Legislature,  
23 and serves at the pleasure of the Governor.

24 2. Duties of commissioner. The duties of the commissioner  
25 include: implementing this chapter; promoting the purposes of  
26 the plan; setting reimbursement rates for participating  
27 providers; adopting rules necessary to implement the plan;  
28 establishing systems for enrollment, registration of providers  
29 for participation, rate setting and contracts with providers of  
30 services and pharmaceuticals; developing a budget and  
31 administering the revenues of the plan; employing staff as  
32 necessary to implement this chapter; and conducting public  
33 hearings annually or more frequently regarding resource  
34 allocation, revenue and services.

35 The commissioner shall stress prevention of disease and  
36 maintenance of health in the implementation of this plan and  
37 shall retain and strengthen existing health facilities whenever  
38 possible.

#### 39 **§6922. Maine Health Care Plan Fund**

40 1. Fund established. The Maine Health Care Plan Fund is  
41 established to finance the plan.

2 A. Deposits into the fund and expenditures from the fund  
3 must be made pursuant to this section and to rules adopted  
4 by the commissioner to carry out the purposes of this  
5 section. Payments into the fund may include premiums  
6 charged to plan enrollees, copayments from plan enrollees,  
7 payments from other governmental units, payments from  
8 3rd-party payors, payments under agreements of cooperation  
9 and coordination for plan enrollees in other insurance or  
10 health benefit programs and payments under any system of  
11 revenue or taxation imposed by the Legislature to fund the  
12 plan.

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

16 C. All funds remaining in the fund at the end of the fiscal  
17 year must be reported to the Legislature by January 1st of  
18 the following year and may be used, by vote of the  
19 Legislature, to expand the coverage of services paid for by  
20 the plan.

21 D. Expenditures from the fund are authorized for payments  
22 to participating providers for health care services  
23 rendered, payments for administration of the fund, the plan  
24 and the department and any other payments made pursuant to  
25 law.

26 2. Budget. The annual administrative costs for the  
27 department and for all administrative aspects of the plan may not  
28 exceed 5% of the total annual budget for the fund. The  
29 commissioner shall implement cost-control measures to reduce  
30 administrative costs and eliminate unnecessary health care.  
31 Cost-control measures may not be implemented to limit necessary  
32 health care.

33 3. Funding. Funding must be provided from a combination of  
34 sources, including:

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

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

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

42 D. Payments from any taxes or fees imposed by the  
43 Legislature to fund the plan; and



2 E. Payments by tobacco product manufacturers to the State  
3 in settlement of claims brought against them by the State.

4 **§6923. Phase-in of services**

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

14 **§6924. Reports**

16  
17 1. Annual report. By January 1st of each year, the  
18 commissioner shall submit to the Governor and the Legislature an  
19 annual report of the department's operations and activities  
20 during the previous year and the funding, tax and budget status  
21 of the plan.

22  
23 2. Public information. The commissioner may publish and  
24 disseminate information helpful to the citizens of this State in  
25 making informed choices in obtaining health care.

26  
27 **Sec. A-2. Report.** By January 1, 2001, the Commissioner of  
28 Health Security shall report to the joint standing committee of  
29 the Legislature having jurisdiction over human resource matters  
30 on options for coordination of the Maine Single-payor Health Care  
31 Plan with other health plans and options for the Maine  
32 Single-payor Health Care Plan to take over coverage of some  
33 persons on those other health plans with the plans to take effect  
34 January 1, 2002.

36 **PART B**

37  
38 **Sec. B-1. 2 MRSA §6, sub-§3,** as amended by PL 1997, c. 643,  
39 Pt. H, §1 and Pt. Q §2, is repealed and the following enacted in  
40 its place:

41  
42 3. Range 89. The salaries of the following state  
43 officials and employees are within salary range 89:

44  
45 Director, Bureau of General Services;

46  
47 Director, Bureau of Alcoholic Beverages and Lottery  
48 Operations;

49  
50 State Budget Officer;

2           State Controller;

4           Director of the Bureau of Forestry;

6           Chief of the State Police;

8           Director, State Planning Office;

10          Director, Energy Resources Office;

12          Public Advocate;

14          Commissioner of Defense, Veteran and Emergency Management;

16          Director of Human Resources;

18          Director, Bureau of Children with Special Needs;

20          Director, Bureau of Information Services;

22          Director of Econometric Research;

24          Director, Bureau of Parks and Lands; and

26          Commissioner of Health Security.

28          **Sec. B-2. 5 MRSA §959** is enacted to read:

30          **§959. Department of Health Security**

32          The position of commissioner is a major policy-influencing  
position within the Department of Health Security. This position  
and any successor position are subject to this chapter.

36                                 **PART C**

38          **Sec. C-1. 12 MRSA §7824-F, sub-§§1 and 4**, as enacted by PL  
1995, c. 467, §12, are repealed.

40          **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:

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

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

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

6  
8 (1) A bill of sale indicating the name, address,  
dealer registration number and sales tax certificate  
10 number of the person who sold or provided the  
manufactured housing to the buyer locating the housing  
12 in the plantation; or

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

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

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

26 1. **Group 1.** Tax expenditures which ~~that~~ are contained in  
the following provisions of law shall must be reviewed by January  
28 1, 1986, and every 4 years thereafter:

30 A. Section 1752; and

32 ~~B. Section 1760, subsections 1 to 9-G, and~~

34 C. Chapter 357.

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

38 **Sec. C-6. 36 MRSA §198, sub-§2, ¶¶D and E**, as enacted by PL  
40 1985, c. 430, §3, are amended to read:

42 D. Section 1863; and

44 E. Section 2012, and

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

48 **Sec. C-8. 36 MRSA §198, sub-§3**, as enacted by PL 1985, c. 430,  
50 §3, is repealed.

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

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

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

8           H. Rental or lease of an automobile;

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

14           I. Personal services;

16           J. Amusement and recreational services;

18           K. Professional services;

20           L. Business services;

22           M. Construction services; and

24           N. Medical services.

26           **Sec. C-12. 36 MRSA §1760**, as amended by PL 1997, c. 791, Pt.  
A, §2, is repealed.

28           **Sec. C-13. 36 MRSA §1760-B**, as amended by PL 1997, c. 526,  
30 §14, is repealed.

32           **Sec. C-14. 36 MRSA §1765**, as amended by PL 1997, c. 133, §§3  
and 4, is repealed.

34           **Sec. C-15. 36 MRSA §2011, first ¶**, as amended by PL 1987, c.  
36 772, §25, is further amended to read:

38           If the State Tax Assessor determines, upon written  
40 application by a taxpayer or during the course of an audit, that  
any tax has been paid more than once or has been erroneously or  
42 illegally collected or computed, he the State Tax Assessor shall  
certify to the State Controller the amount collected in excess of  
that legally due, from whom it was collected or by whom paid, and  
44 that amount ~~shall~~ must be credited by the State Tax Assessor on  
any taxes then due from the taxpayer and the balance refunded to  
46 the taxpayer or ~~his~~ the taxpayer's successor, administrators,  
executors or assigns, but no such credit or refund may be allowed  
48 unless a written petition therefor, stating the grounds upon  
which refund is claimed, is filed with the State Tax Assessor or  
50 the overpayment is discovered on audit within 3 years of the date  
of overpayment. Interest, at the rate determined pursuant to  
52 section 186, ~~shall~~ must be paid from the date the return listing

2 the overpayment was filed, or the payment was made, whichever is  
later, on any balance refunded pursuant to this chapter, except  
4 that ~~no interest may be paid with respect to the refunds provided~~  
by ~~section 2013~~ and, in cases of excessive or erroneous  
6 collections specified in section 1814, interest shall must be  
paid in accordance with section 1814, subsection 3. At the  
8 election of the State Tax Assessor, unless the taxpayer  
specifically requests a cash refund, the refund may be credited  
10 to the taxpayer's sales and use tax account, but, in the case of  
a credit, ~~no~~ further interest may not accrue from the date of  
12 that election. Nothing may authorize the taxpayer, or anyone  
acting in ~~his~~ the taxpayer's behalf, to apply for a refund of any  
14 amount assessed when administrative and judicial review under  
section 151 has been completed.

16 **Sec. C-16. 36 MRS §2013**, as amended by PL 1997, c. 514, §1,  
is repealed.

18 **Sec. C-17. 36 MRS §2014**, as enacted by PL 1983, c. 560, §§4  
20 and 6, is repealed.

22 **Sec. C-18. 36 MRS §2015**, as enacted by PL 1993, c. 701, §8  
and affected by §10, is repealed.

24 **Sec. C-19. 36 MRS §5111, sub-§1-A**, as enacted by PL 1991, c.  
26 591, Pt. YY, §2 and affected by §7, is repealed and the following  
enacted in its place:

28 **1-A. Single individuals and married persons filing separate**  
30 **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>\$20,000 or more</u>	<u>\$2,000 plus 15% of the excess over \$20,000</u>

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

46 **2-A. Heads of households. For unmarried individuals or**  
**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>



SECTION	FEE	FEE
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656, sub-~~§17~~--E  
subsection 1,  
paragraph E,  
Pollution Control  
Facilities

A. Water pollution control facilities with capacities at least 4,000 gallons of waste per day and ~~§1760~~, sub-~~§29~~, water pollution control facilities

B. Air pollution control and ~~§1760~~, sub-~~§30~~, air pollution control facilities

**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.

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

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 payments by tobacco product manufacturers to the State in settlement of claims brought against them by the State be used to fund the plan.