

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

SECOND REGULAR SESSION-2000

Legislative Document

No. 2627

H.P. 1889

House of Representatives, March 15, 2000

An Act to Create the Community Health Plan Demonstration Project.

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

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 SAXL of Portland.
Cosponsored by Senator GOLDTHWAIT of Hancock and
Representatives: KANE of Saco, MAYO of Bath, SAXL of Bangor, STANWOOD of
Southwest Harbor.

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

4 Sec. 1. 24 MRSA c. 29 is enacted to read:

6 CHAPTER 29

8 COMMUNITY HEALTH PLANS

10 §3351. Community Health Plan Demonstration Project

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

14 A. "Fund" means the Community Health Plan Demonstration
Project Guaranty Fund established in subsection 4.

18 B. "Project" means the Community Health Plan Demonstration
Project established in subsection 2.

20 C. "Small employer" means a self-employed individual or a
person that employs 4 or fewer individuals.

24 2. Project established. The Community Health Plan
Demonstration Project is established as a pilot project to
provide coverage for comprehensive health care services through a
nonprofit community health plan corporation governed by a
community board composed of health care providers, employers and
individuals from Mount Desert Island.

30 A. The target population of the project is small employers
and self-insured employers providing employment on Mount
Desert Island. The project shall also explore the
feasibility of including individuals eligible for
state-supported health insurance programs among the target
population.

38 B. The purpose of this project is to determine the economic
viability and health care quality associated with a
community-based health plan providing access to affordable
health care to participating purchasers through a purchasing
alliance while at the same time providing a reasonable
reimbursement to participating health care providers and
maintaining local community control.

46 C. The project may include, among other elements:

48 (1) The creation of a purchasing alliance with defined
risk pools, including one risk pool composed of small

2 employers, not to exceed 500 covered lives, to be known
3 as the "target risk pool";

4 (2) An affordable benefit design;

6 (3) A premium structure sufficient to cover the
7 actuarially determined costs of comprehensive health
8 care services;

10 (4) Premium subsidies or a sliding premium schedule
11 for uninsured individuals funded, in part, through a
12 waiver of the premium tax;

14 (5) Community preventive care and wellness programs;
15 and

16 (6) Reinsurance for catastrophic individual claims and
17 claims beyond a specified aggregate limit.

20 3. Project oversight. The Superintendent of Insurance in
21 conjunction with the Commissioner of Human Services shall oversee
22 the implementation of the project by the Mount Desert Island
23 Community Health Plan or its successor organization.

24 4. Fund established. The Community Health Plan
25 Demonstration Project Guaranty Fund is established for the
26 purpose of covering potential losses, which may be from
27 reimbursement of claims that are in excess of income from
28 premiums but not covered by reinsurance, incurred by the target
29 risk pool during a defined 3-year benefit period of the project.
30 The money in the fund may not lapse but must be carried forward
31 for the purposes identified in this section. After final
32 reconciliation of claims at the end of the 3-year benefit period,
33 any unexpended funds of the fund must lapse to the General Fund.

36 5. Exemption. This project is exempt from the provisions
37 of other chapters of this Title and Title 22, Title 24-A and
38 Title 36.

40 6. Assistance. The Superintendent of Insurance may provide
41 technical assistance to the Mount Desert Island Community Health
42 Plan or its successor organization with respect to premium
43 structure, benefit design, reinsurance and other issues related
44 to the project. The Department of Human Services may provide
45 technical assistance to the Mount Desert Island Community Health
46 Plan or its successor organization with respect to health quality
47 and outcome evaluation, community outreach and prevention
48 strategies and other issues related to the project.

50 7. Duration. The project terminates January 1, 2004.

2 8. Reporting. The Superintendent of Insurance and the
Commissioner of Human Services may require periodic reporting by
4 the Mount Desert Island Community Health Plan or its successor
organization as to activities, operations and financial
6 performance of the project. The Superintendent of Insurance and
the Commissioner of Human Services shall report annually to the
8 joint standing committee of the Legislature having jurisdiction
over banking and insurance matters with a final report by April
10 30, 2004 on the information gathered through the project,
including, but not limited to, financial feasibility, premium
12 structure, benefit design, health quality measures and
recommendations for further study.

14 9. Repeal. This section is repealed May 31, 2004.

16 **Sec. 2. Appropriation.** The following funds are appropriated
from the General Fund to carry out the purposes of this Act.

18

2000-01

20

22 **PROFESSIONAL AND FINANCIAL
REGULATION, DEPARTMENT OF**

24

Bureau of Insurance

26

All Other

\$1,500,000

28

Provides funds for the Community Health Plan
Demonstration Project Guaranty Fund to cover
30 potential losses of the Community Health
Plan Demonstration Project incurred by the
32 target risk pool during the defined 3-year
benefit period. These funds may not lapse
34 but must be carried forward for the purposes
identified. After final reconciliation of
36 claims at the end of the 3-year benefit
period, any unexpended funds of the
38 Community Health Plan Demonstration Project
Guaranty Fund must lapse to the General Fund.

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SUMMARY

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This bill creates a Community Health Plan Demonstration
Project to be implemented by the Mount Desert Island Community
46 Health Plan with oversight from the Superintendent of Insurance
and the Department of Human Services. The target population of
48 the project is small employers and self-insured employers. The
purpose of the project is to determine the economic viability and
50 health care quality associated with a community-based health plan

2 providing access to affordable health care to participating
purchasers through a purchasing alliance while at the same time
4 providing a reasonable reimbursement to participating health care
providers and maintaining local community control.

6 The bill also makes an appropriation for the Community
Health Plan Demonstration Project Guaranty Fund to cover
8 potential losses incurred by the target risk pool during the
3-year benefit period under the project.