

MAINE STATE LEGISLATURE

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Ms
R. O'S

L.D. 1828

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DATE: 1-30-04

(Filing No. S 367)

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6 Reproduced and distributed under the direction of the Secretary
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**STATE OF MAINE
SENATE
121ST LEGISLATURE
SECOND REGULAR SESSION**

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SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P.
1351, L.D. 1828, Bill, "An Act To Make Supplemental
Appropriations and Allocations for the Expenditures of State
Government and To Change Certain Provisions of the Law Necessary
for the Proper Operations of State Government for the Fiscal
Years Ending June 30, 2004 and June 30, 2005"

22

Amend the amendment by inserting after Part CC the following:

24

PART DD

26

Sec. DD-1. 22 MRSA §3174-G, sub-§4 is enacted to read:

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4. Limitation. The authority of the department pursuant to
subsection 1, paragraphs B, C, D and E to provide coverage above
the financial eligibility limits in effect on January 1, 2004, as
enacted in Public Law 2003, chapter 469, Part A, section 5, is
limited by the funding available to Dirigo Health to provide the
state match for federal Medicaid dollars for the purchase of
coverage for those persons. Pursuant to Title 24-A, section
6914, available funding may not include money collected as a
savings offset payment pursuant to Title 24-A, section 6913.

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Sec. DD-2. 24-A MRSA §6910, sub-§1, as enacted by PL 2003, c.
469, Pt. A, §8, is amended to read:

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44

1. Dirigo Health Insurance. Dirigo Health shall arrange
for the provision of health benefits coverage through Dirigo
Health Insurance not later than October 1, 2004, except that
coverage for persons eligible under the Medicaid expansion

SENATE AMENDMENT

R.O.S.

S 367

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1351,
L.D. 1828

2 authorized in Public Law 2003, chapter 469, Part A, section 5 may
3 not begin until February 1, 2006. Dirigo Health Insurance must
4 comply with all relevant requirements of this Title. Dirigo
5 Health Insurance may be offered by health insurance carriers that
6 apply to the board and meet qualifications described in this
7 section and any additional qualifications set by the board.

8 **Sec. DD-3. 24-A MRSA §6913, sub-§§1, 3 and 7,** as enacted by PL
9 2003, c. 469, Pt. A, §8, are amended to read:

10
11 **1. Determination of cost savings.** After an opportunity for
12 a hearing conducted pursuant to Title 5, chapter 375, subchapter
13 4, the board shall determine annually not later than April the
14 aggregate measurable cost savings, including any reduction or
15 avoidance of bad debt and charity care costs to health care
16 providers in this State as a result of the operation of Dirigo
17 Health and any increased enrollment due to an expansion in
18 MaineCare eligibility occurring ~~after June 30, 2004~~ on February
19 1, 2006.

20
21 **3. Maximum savings offset payments on health insurance**
22 **carriers and employee benefit excess insurance carriers.** Each
23 health insurance carrier and employee benefit excess insurance
24 carrier must pay a savings offset in an amount not to exceed 4.0%
25 of annual health insurance premiums and employee benefit excess
26 insurance premiums on policies issued pursuant to the laws of
27 this State that insure residents of this State. The savings
28 offset payment may not exceed savings resulting from decreasing
29 rates of growth in the State's health care spending and bad debt
30 and charity care costs. The savings offset payment applies to
31 premiums paid on or after July 1, 2005. Savings offset payments
32 must reflect aggregate measurable cost savings, including any
33 reduction or avoidance of bad debt and charity care costs to
34 health care providers in this State, as a result of the operation
35 of Dirigo Health and any increased enrollment due to an expansion
36 in MaineCare eligibility occurring ~~after June 30, 2004~~ on
37 February 1, 2006, as determined by the board consistent with
38 subsection 1. A health insurance carrier and employee benefit
39 excess insurance carrier may not be required to pay a savings
40 offset payment on policies or contracts insuring federal
41 employees.

42
43 **7. Demonstration of recovery of savings offset payments**
44 **through reduction in rate of growth in State's health spending**
45 **and bad debt and charity care.** In accordance with the
46 requirements of this subsection, every health insurance carrier
47 and health care provider shall demonstrate that best efforts have
48 been made to ensure that a carrier has recovered savings offset
49 payments made pursuant to this section through negotiated
50 reimbursement rates that reflect health care providers'

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1351, L.D. 1828

2 reductions or stabilization in the cost of bad debt and charity
3 care as a result of the operation of Dirigo Health and any
4 increased enrollment due to an expansion in MaineCare eligibility
5 occurring after ~~June-30,--2004~~ on February 1, 2006.

6 A. A health insurance carrier shall use best efforts to
7 ensure health insurance premiums reflect any such recovery
8 of savings offset payments as those savings offset payments
9 are reflected through incurred claims experience in
10 accordance with subsection 9.

12 B. During any negotiation with a health insurance carrier
13 relating to a health care provider's reimbursement agreement
14 with that carrier, a health care provider shall provide data
15 relating to any reduction or avoidance of bad debt and
16 charity care costs to health care providers in this State,
17 as a result of the operation of Dirigo Health and as a
18 result of any increased enrollment due to an expansion in
19 MaineCare eligibility occurring after ~~June--30,--2004~~ on
20 February 1, 2006.

22 **Sec. DD-4. 24-A MRSA §6913, sub-§8, ¶C,** as enacted by PL 2003,
23 c. 469, Pt. A, §8, is amended to read:

24 C. Health insurance carriers and health care providers
25 shall report annually, beginning March 1, 2005 and
26 thereafter, information regarding the experience of a prior
27 12-month period on the efforts undertaken by the carrier and
28 provider to recover savings offset payments, as reflected in
29 reimbursement rates, through a reduction or stabilization in
30 bad debt and charity care costs as a result of the operation
31 of Dirigo Health and any increased enrollment due to an
32 expansion in MaineCare eligibility occurring after ~~June-30,~~
33 ~~2004~~ on February 1, 2006. The board shall determine the
34 appropriate format for the report and utilize existing data
35 on file with state agencies or other organizations to
36 minimize duplication. The report must be submitted to the
37 board. Using the information submitted by carriers and
38 providers, the board shall submit a summary of that
39 information by October 1, 2005 and annually thereafter.

42 **Sec. DD-5. 24-A MRSA §6913, sub-§9,** as enacted by PL 2003, c.
43 469, Pt. A, §8, is amended to read:

44 **9. Demonstration of offset.** As provided in sections
45 2736-C, 2808-B and 2839-B, the claims experience used to
46 determine any filed premiums or rating formula must reasonably
47 reflect, in accordance with accepted actuarial standards, known
48 changes and offsets in payments by the carrier to health care
49 providers in this State, including any reduction or avoidance of
50

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1351, L.D. 1828

bad debt and charity care costs to health care providers in this State as a result of the operation of Dirigo Health and any increased enrollment due to an expansion in MaineCare eligibility occurring ~~after June 30, 2004~~ on February 1, 2006 as determined by the board consistent with subsection 1.

Sec. DD-6. 24-A MRSA §6914, as enacted by PL 2003, c. 469, Pt. A, §8, is amended to read:

§6914. Intragovernmental transfer

Starting ~~July 1, 2004~~ February 1, 2006, Dirigo Health shall transfer funds, as necessary, to a special dedicated, nonlapsing revenue account administered by the agency of State Government that administers MaineCare for the purpose of providing a state match for federal Medicaid dollars. Dirigo Health shall annually set the amount of contribution. The transfer may not include money collected as a savings ~~payment~~ offset payment pursuant to section 6913.

Sec. DD-7. PL 2003, c. 469, Pt. A, §9 is amended to read:

Sec. A-9. Monthly report. The Department of Human Services shall provide a monthly report of enrollment and expenditures for the noncategorical adults enrolled in the MaineCare program under the Maine Revised Statutes, Title 22, section 3174-G, subsection 1, paragraph F. The Beginning with the first report after February 1, 2006, the report must include the number of members, expenses and projections for expenses in the state fiscal year for members enrolled under the expansion of income eligibility under Title 22, section 3174-G, subsection 1, paragraph F from 100% of the nonfarm income official poverty line to 125% of the nonfarm income official poverty line.

Sec. DD-8. PL 2003, c. 469, Pt. A, §11 is amended to read:

Sec. A-11. Effective date. That section of this Part that amends the Maine Revised Statutes, Title 22, section 3174-G, subsection 1 takes effect on ~~the date that coverage is first provided to eligible employees and eligible individuals under Dirigo Health Insurance as established in Title 24-A, section 6910~~ February 1, 2006.

Sec. DD-9. Appropriations and allocations. The following appropriations and allocations are made.

HUMAN SERVICES, DEPARTMENT OF
Medical Care - Payments to Providers

5367

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 1351,
L.D. 1828

Initiative: Deallocates funds as a result of the delay in the
expansion of Medicaid eligibility under the Dirigo Health program.

4	Federal Expenditures Fund	2003-04	2004-05
	All Other	\$0	(\$46,516,263)
6			
	Federal Expenditures Fund Total	0	(46,516,263)
8			
	Other Special Revenue Funds	2003-04	2004-05
10	All Other	0	(23,952,246)
12			
	Other Special Revenue Funds Total	0	(23,952,246)
14	HUMAN SERVICES, DEPARTMENT OF		
	DEPARTMENT TOTALS	2003-04	2004-05
16			
	FEDERAL EXPENDITURES FUND	0	(46,516,263)
18	OTHER SPECIAL REVENUE FUNDS	0	(23,952,246)
20			
	DEPARTMENT TOTAL - ALL FUNDS	\$0	(\$70,468,509)

Further amend the amendment by relettering or renumbering
any nonconsecutive Part letter or section number to read
consecutively.

SUMMARY

This amendment changes the date that Medicaid coverage of
certain elderly and disabled individuals, children, infants, the
parent or caretaker of certain infants or children and pregnant
women would take effect from the date that coverage is first
provided to eligible employees and eligible individuals under
Dirigo Health Insurance as established in the Maine Revised
Statutes, Title 24-A, section 6910 to February 1, 2006.

FISCAL NOTE REQUIRED
(See attached)

SPONSORED BY: Sen Karl W. Turner
(Senator TURNER)

COUNTY: Cumberland

S367

Approved: 01/29/04 *MAC*

121st Maine Legislature
Office of Fiscal and Program Review



LD 1828

An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government and to Change Certain Provisions of the Law Necessary for the Proper Operations of State Government for the Fiscal Years Ending June 30, 2004 and June 30, 2005

LR 2700(07)

Fiscal Note for Senate Amendment **B** to Committee Amendment "A"

Sponsor: Sen. Turner

Fiscal Note Required: Yes

Fiscal Note

	2003-04	2004-05
Net Cost (Savings)		
General Fund	\$0	\$0
Appropriations/Allocations		
Federal Expenditures Fund	\$0	(\$46,516,263)
Other Special Revenue Funds		(\$23,952,246)
Revenue		
Federal Expenditures Fund	\$0	(\$46,516,263)

Fiscal Detail and Notes

Delaying the effective date of the Medicaid eligibility expansions authorized under the Dirigo Health legislation will delay the availability of Federal matching funds available to the Dirigo Health program. State resources designated for use by the program -- both the one-time transfer from the General Fund and Other Special Revenue funds (employer, employee, and individual contributions) -- would still be available for use by the Dirigo Board to fund program benefits and costs (still to be determined). The delay would also temporarily reduce the liability of Dirigo to pay for the MaineCare costs of individuals who enroll in MaineCare as individuals outside of a Dirigo Health plan.