

MAINE STATE LEGISLATURE

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M
R. 4/8

L.D. 1919

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DATE: 4-15-04

(Filing No. S-524)

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**STATE OF MAINE
SENATE
121ST LEGISLATURE
SECOND SPECIAL SESSION**

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SENATE AMENDMENT "E" to COMMITTEE AMENDMENT "A" to H.P. 1420, L.D. 1919, Bill, "An Act To Make Supplemental Appropriations and Allocations for the Expenditures of State Government and To Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2004 and June 30, 2005"

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Amend the amendment by inserting after Part EEEE the following:

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PART FFFF

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

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1. Determination of cost savings. After an opportunity for a hearing conducted pursuant to Title 5, chapter 375, subchapter 4, the board shall determine annually not later than April the aggregate measurable cost savings, including any reduction or avoidance of 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.~~

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3. Maximum savings offset payments on health insurance carriers and employee benefit excess insurance carriers. Each health insurance carrier and employee benefit excess insurance carrier must pay a savings offset in an amount not to exceed 4.0% of annual health insurance premiums and employee benefit excess insurance premiums on policies issued pursuant to the laws of this State that insure residents of this State. The savings

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offset payment may not exceed savings resulting from decreasing rates of growth in the State's health care spending and bad debt and charity care costs. The savings offset payment applies to premiums paid on or after July 1, 2005. Savings offset payments must reflect aggregate measurable cost savings, including any reduction or avoidance of 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~~, as determined by the board consistent with subsection 1. A health insurance carrier and employee benefit excess insurance carrier may not be required to pay a savings offset payment on policies or contracts insuring federal employees.

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

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

B. During any negotiation with a health insurance carrier relating to a health care provider's reimbursement agreement with that carrier, a health care provider shall provide data relating to any reduction or avoidance of bad debt and charity care costs to health care providers in this State, as a result of the operation of Dirigo Health and ~~as a result of any increased enrollment due to an expansion in MaineCare eligibility occurring after June 30, 2004~~.

Sec. FFFF-2. 24-A MRSA §6913, sub-§8, ¶C, as enacted by PL 2003, c. 469, Pt. A, §8, is amended to read:

C. Health insurance carriers and health care providers shall report annually, beginning March 1, 2005 and thereafter, information regarding the experience of a prior 12-month period on the efforts undertaken by the carrier and provider to recover savings offset payments, as reflected in

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2 reimbursement rates, through a reduction or stabilization in
3 bad debt and charity care costs as a result of the operation
4 of Dirigo Health ~~and any increased enrollment due to an~~
5 ~~expansion in MaineCare eligibility occurring after June 30,~~
6 2004. The board shall determine the appropriate format for
7 the report and utilize existing data on file with state
8 agencies or other organizations to minimize duplication. The
9 report must be submitted to the board. Using the information
10 submitted by carriers and providers, the board shall submit
11 a summary of that information by October 1, 2005 and
12 annually thereafter.

13 **Sec. FFFF-3. 24-A MRSA §6913, sub-§9**, as enacted by PL 2003,
14 c. 469, Pt. A, §8, is amended to read:

15 **9. Demonstration of offset.** As provided in sections
16 2736-C, 2808-B and 2839-B, the claims experience used to
17 determine any filed premiums or rating formula must reasonably
18 reflect, in accordance with accepted actuarial standards, known
19 changes and offsets in payments by the carrier to health care
20 providers in this State, including any reduction or avoidance of
21 bad debt and charity care costs to health care providers in this
22 State as a result of the operation of Dirigo Health ~~and any~~
23 ~~increased enrollment due to an expansion in MaineCare eligibility~~
24 ~~occurring after June 30, 2004~~ as determined by the board
25 consistent with subsection 1.
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27 **Sec. FFFF-4. 24-A MRSA §6915**, as enacted by PL 2003, c. 469,
28 Pt. A, §8, is amended to read:

29 **§6915. Dirigo Health Fund**

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31 The Dirigo Health Fund is created as a dedicated fund for
32 the deposit of any funds advanced for initial operating expenses,
33 payments made by employers and individuals, any savings offset
34 payments made pursuant to section 6913 and any funds received
35 from any public or private source except as provided in this
36 section. Beginning July 1, 2004, with the exception of funding
37 appropriated in Public Law 2003, chapter 469, General Fund money
38 may not be used directly or indirectly through the fund to
39 provide coverage for a Dirigo Health Insurance enrollee or a
40 dependent of the enrollee. The fund may not lapse, but must be
41 carried forward to carry out the purposes of this chapter.
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44 **Sec. FFFF-5. PL 2003, c. 469, Pt. A, §5** is repealed.

45 **Sec. FFFF-6. PL 2003, c. 469, Pt. A, §9** is amended to read:

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47 **Sec. A-9. Monthly report.** The Department of Human Services
48 shall provide a monthly report of enrollment and
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2 expenditures for the noncategorical adults enrolled in the
MaineCare program under the Maine Revised Statutes, Title 22,
4 section 3174-G, subsection 1, paragraph F. The report must
include the number of members, expenses and projections for
6 expenses in the state fiscal year for members enrolled under the
~~expansion of income eligibility from 100% of the nonfarm income~~
~~official poverty line to 125% of the nonfarm income official~~
8 poverty line Title 22, section 3174-G, subsection 1, paragraph
F. If enrollment has been discontinued under that section, the
10 report must include enrollment projections for the next calendar
quarter.

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14 **Sec. FFFF-7. PL 2003, c. 469, Pt. A, §11 is repealed.**

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

20 **SUMMARY**

22 This amendment repeals increases in MaineCare financial
eligibility enacted in Public Law 2003, chapter 469. Beginning
24 July 1, 2004, with the exception of funding appropriated in the
Dirigo Health law in 2003, the amendment prohibits the use of
26 General Fund money, directly or indirectly, to pay for coverage
for a Dirigo Health Insurance enrollee or a dependent of the
28 enrollee.

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

34 COUNTY: Cumberland

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FISCAL NOTE REQUIRED
(See attached)

**121st Maine Legislature
Office of Fiscal and Program Review**



LD 1919

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

LR 2833(07)

Fiscal Note for Senate Amendment 'E' to Committee Amendment "A"

Sponsor: Sen. Turner

Fiscal Note Required: Yes

Fiscal Note

Fiscal Detail and Notes

This amendment will have no net effect on General Fund appropriations and revenue and a balanced budget is maintained for the 2004-2005 biennium.