

# MAINE STATE LEGISLATURE

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L.D. 1577

DATE: 6/14/05

(Filing No. H-687)

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
122ND LEGISLATURE  
FIRST SPECIAL SESSION

HOUSE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to S.P. 555, L.D. 1577, Bill, "An Act To Modify the Calculation and Implementation Date of Savings Offset Payments under the Dirigo Health Act"

Amend the amendment by striking out all of the emergency preamble.

Further amend the amendment in Part A in section 5 by striking out all of subsection 12 and inserting in its place the following:

'12. Report; jurisdiction. Dirigo Health shall report twice annually, once in January and once during the last month of the regular legislative session, to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters on the Dirigo Health Program and budget. Minutes of meetings of the Board of Directors of Dirigo Health must be provided to each member of the joint standing committees of the Legislature having jurisdiction over insurance and financial services matters, health and human services matters and appropriations and financial affairs.'

Further amend the amendment in Part A by striking out all of section 10 (page 4, lines 49 to 50 and page 5, lines 2 to 10 in amendment) and inserting in its place the following:

'Sec. A-10. 24-A MRSA §6913, sub-§1, as enacted by PL 2003, c. 469, Pt. A, §8, is repealed and the following enacted in its place:

1. Determination of cost savings. The following are the procedures for determining cost savings.

HOUSE AMENDMENT

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

20 B. Within 30 days of the board's determination pursuant to  
22 paragraph A, the board shall file with the superintendent  
24 its determination as well as the supporting information for  
26 that determination. The filing constitutes a public record.

28 C. Following a public hearing held in accordance with the  
30 Maine Administrative Procedure Act and no later than 6 weeks  
32 following the receipt of the board's determination, the  
34 superintendent shall issue an order approving, in whole or  
36 in part, or disapproving the filing made under paragraph B.  
38 The board is designated a party to the hearing. The  
40 superintendent shall approve the filing upon a determination  
42 that the aggregate measurable cost savings filed by the  
44 board are reasonably supported by the evidence in the  
record.'

Further amend the amendment in Part A in section 11 in  
subsection 3 by striking out all of paragraph H (page 7, lines 23  
to 28 in amendment) and inserting in its place the following:

30 'H. Annual savings offset payments received must be  
32 reconciled by Dirigo Health. Any unused payments must  
34 reduce the next savings offset payment charged to health  
36 insurance carriers, 3rd-party administrators and employee  
benefit excess insurance carriers according to a formula  
developed by the board.'

Further amend the amendment in Part B in section 1 by  
striking out all of subsections 2 and 3 (page 8, lines 19 to 48  
in amendment) and inserting in their place the following:

42 **'2. Convening of working group; schedule.** The Superintendent  
44 of Insurance shall convene the first meeting of the working  
group. In order to complete its work in a timely fashion, the

working group may make its recommendations in accordance with  
time frames discussed with the Joint Standing Committee on  
Insurance and Financial Services.

**3. Duties.** The working group shall make recommendations to  
advise the board on the following issues:

A. The definition of "subsidy" within the Dirigo Health  
Program;

B. The definition of "paid claims" for the purpose of using  
paid claims as the base for savings offset payment  
assessments on health insurance, carriers, 3rd-party  
administrators and employee benefit excess insurance  
carriers;

C. The process for implementing and invoicing savings offset  
payment assessments based on the recommended definition of  
paid claims;

D. The board's proposed methodology for calculating  
aggregate measurable cost savings. This recommendation must  
be made no later than September 20, 2005; and

E. A funding strategy to cover Dirigo Health's  
administrative expenses. This recommendation must be made no  
later than December 31, 2005.'

Further amend the amendment in Part B in section 2 in  
subsection 2 by striking out all of paragraphs A to C and  
inserting in their place the following:

'A. No later than the effective date of this Act, the board  
shall file with the Superintendent of Insurance its  
determination as to the aggregate measurable cost savings in  
this State, including any reduction or avoidance of bad debt  
and charity care cost to health care providers as a result  
of the operation of Dirigo Health and any increased  
MaineCare enrollment due to an expansion in MaineCare  
eligibility occurring after June 30, 2004 as well as the  
supporting information for that determination. The filing  
constitutes a public record; and

B. Following a public hearing held in accordance with the  
Maine Administrative Procedure Act and no later than 6 weeks  
following the effective date of this Act, the Superintendent  
of Insurance shall issue an order approving, in whole or in  
part, or disapproving the filing made under paragraph A.  
The board is designated a party to the hearing. The  
superintendent shall approve the filing upon a determination

2 that the aggregate measurable cost savings filed by the  
board are reasonably supported by the evidence in the  
4 record.'

6 Further amend the amendment by inserting after Part C the  
following:

8 **PART D**

10 **Sec. D-1. Appropriations and allocations.** The following  
appropriations and allocations are made.

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

14 **Bureau of Insurance 0092**

16 Initiative: Allocates funds for the costs of reviewing and  
18 analyzing the Board of Directors of Dirigo Health's filing of its  
determination as to the aggregate measurable cost savings from  
20 the operation of Dirigo Health and related MaineCare expansions.

22 <b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2005-06</b>	<b>2006-07</b>
24 All Other	\$50,000	\$50,000
26 OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$50,000</u>	<u>\$50,000'</u>

28 Further amend the amendment by striking out all of the  
emergency clause.

30 **SUMMARY**

32 This amendment incorporates the changes proposed by House  
34 Amendment "A" to Committee Amendment "A" with the following  
changes:

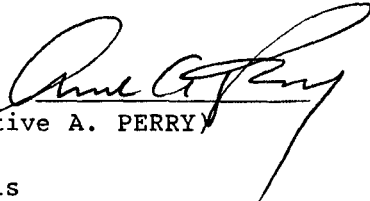
36 1. House Amendment "A" to Committee Amendment "A" specifies  
38 that, not later than the effective date of the bill, the Board of  
Directors of Dirigo Health is required to file with the  
40 Superintendent of Insurance its determination of the aggregate  
measurable cost savings. The superintendent is then required to  
42 hold a public hearing and issue an order approving or  
disapproving the filing. This amendment places that requirement  
44 in statute, thus making it an ongoing requirement; and

46 2. Committee Amendment "A" requires Dirigo Health to  
determine whether unused payments may be returned to insurance  
48 carriers. This amendment requires the unused payments to be used  
to reduce the next savings offset payment charged to health

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1577

insurance carriers, 3rd-party administrators and employee benefit  
excess insurance carriers according to a formula developed by the  
board.

**FISCAL NOTE REQUIRED**  
(See attached)

SPONSORED BY:   
(Representative A. PERRY)

TOWN: Calais



# 122nd MAINE LEGISLATURE

LD 1577

LR 1479(17)

## An Act To Modify the Calculation and Implementation Date of Savings Offset Payments under the Dirigo Health Act

Fiscal Note for House Amendment "B" to Committee Amendment "A"

Sponsor: Rep. Perry

Fiscal Note Required: Yes

### Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
<b>Appropriations/Allocations</b>				
Other Special Revenue Funds	\$50,000	\$50,000	\$50,000	\$50,000

#### Fiscal Detail and Notes

Assumes the Bureau of Insurance in the Department of Professional and Financial Regulation would require an additional Other Special Revenue Funds allocation of \$50,000 per year for the costs of reviewing and analyzing the Dirigo Health Board's filing of its determination as to the aggregate measurable cost savings from the operation of Dirigo Health and related MaineCare expansions. The allocation is needed for the costs of contracted external expertise the Bureau anticipates it will need.