

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



122nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2005

Legislative Document

No. 1577

S.P. 555

In Senate, April 26, 2005

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

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator SULLIVAN of York.

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

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44
46
48
50

Sec. 1. 24-A MRSA §6913, sub-§§2, 3 and 6, as enacted by PL 2003, c. 469, Pt. A, §8, are amended to read:

2. Savings offset payments. For the purpose of providing the funds necessary to provide subsidies pursuant to section 6912 and support the Maine Quality Forum established pursuant to subchapter 2, the board shall establish a savings offset amount to be paid by health insurance carriers, employee benefit excess insurance carriers and third-party administrators, not including carriers and third-party administrators with respect to accidental injury, specified disease, hospital indemnity, dental, vision, disability, income, long-term care, Medicare supplement or other limited benefit health insurance, annually at a rate that may not exceed savings resulting from decreasing rates of growth in the State's health care spending and in bad debt and charity care costs. Payment of the savings offset amount ~~must~~ may not begin until 12 months after Dirigo Health begins providing health insurance coverage. The savings offset payment amount, as determined by the board, is the determining factor for inclusion of savings offset payments in premiums through rate setting review by the bureau. Savings offset payments must be made quarterly and are due not less than 30 days after written notice to the health insurance carriers, employee benefit excess insurance carriers and third-party administrators and must accrue interest at 12% per annum on or after the due date.

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~~ shall pay a savings offset in an amount not to exceed 4.0% of annual health insurance ~~premiums paid claims~~ and employee benefit excess insurance ~~premiums paid claims~~ on policies issued pursuant to the laws of this State that insure residents of this State. The savings 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~~ January 1, 2006. 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.

2 **6. Savings offset payments through reductions in growth in**
3 **State's health care spending and bad debt and charity care.** On
4 an annual basis no later than ~~April~~ August of each year, the
5 board shall prospectively determine the savings offset to be
6 applied during each 12-month period. To make its determination,
7 the board shall use the criteria and reports described in
8 subsections 7 and 8. Annual offset payments must be reconciled to
9 determine whether unused payments may be returned to health
10 insurance carriers, employee benefit excess insurance carriers
11 and third-party administrators according to a formula developed
12 by the board. Savings offset payments must be used solely to fund
13 the subsidies authorized by section 6912 and to support the Maine
14 Quality Forum established in subchapter 2 and may not exceed
15 savings from reductions in growth of the State's health care
16 spending and bad debt and charity care.

18 SUMMARY

20 This bill clarifies and makes changes to the date the
21 savings offset payment determination is made and the dates
22 payments may begin under the Dirigo Health Act. The changes
23 reflect the delay in the implementation of the Dirigo health
24 plan. In addition, the bill changes the basis for computing
25 savings offset payments from premiums to paid claims. This
26 change puts the calculation of the savings offset payments on an
equal footing with likely payments from self-insured plans.