

# MAINE STATE LEGISLATURE

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INSURANCE AND FINANCIAL SERVICES

Reported by: Minority

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STATE OF MAINE
SENATE
122ND LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 625, L.D. 1680, Bill, "An Act to Improve Dirigo Health"

Amend the bill by striking out everything after the enacting clause and inserting in its place the following:

Sec. 1. 24-A MRSA §2736, sub-§3, ¶B, as amended by PL 2003, c. 469, Pt. E, §9, is further amended to read:

B. The insurer must demonstrate in accordance with generally accepted actuarial principles and practices consistently applied that, as of a date no more than 210 days prior to the filing, the ratios of benefits incurred to premiums earned for those products average no less than 80% for the previous 12-month period. For the purposes of this calculation, any savings offset payments paid pursuant to section 6913 must be treated as incurred claims.

Sec. 2. 24-A MRSA §2736, sub-§4, ¶C, as amended by PL 2003, c. 469, Pt. E, §10, is further amended to read:

C. In any hearing conducted under this subsection, the Bureau of Insurance and any party asserting that the rates are excessive have the burden of establishing that the rates are excessive. The burden of proving that rates are adequate, and not unfairly discriminatory and in compliance with the requirements of section 6913 remains with the insurer.

2           **Sec. 3. 24-A MRSA §2736-A, first ¶**, as amended by PL 2003, c.  
469, Pt. E, §11, is further amended to read:

4           If at any time the superintendent has reason to believe that  
6 a filing does not meet the requirements that rates not be  
excessive, inadequate, or unfairly discriminatory ~~or--not--in~~  
8 ~~compliance-with-section-6913~~ or that the filing violates any of  
the provisions of chapter 23, the superintendent shall cause a  
hearing to be held.

10           **Sec. 4. 24-A MRSA §2736-C, sub-§2, ¶F**, as enacted by PL 2003,  
12 c. 469, Pt. E, §12, is repealed.

14           **Sec. 5. 24-A MRSA §2736-C, sub-§5**, as amended by PL 2003, c.  
469, Pt. E, §13, is further amended to read:

16           **5. Loss ratios.** For all policies and certificates issued  
18 on or after the effective date of this section, the  
superintendent shall disapprove any premium rates filed by any  
20 carrier, whether initial or revised, for an individual health  
policy unless it is anticipated that the aggregate benefits  
22 estimated to be paid under all the individual health policies  
maintained in force by the carrier for the period for which  
24 coverage is to be provided will return to policyholders at least  
65% of the aggregate premiums collected for those policies, as  
26 determined in accordance with accepted actuarial principles and  
practices and on the basis of incurred claims experience and  
28 earned premiums. ~~For--the--purposes--of--this--calculation--any~~  
~~savings--offset--payments--paid--pursuant--to--section--6913--must--be~~  
30 ~~treated--as--incurred--claims.~~

32           **Sec. 6. 24-A MRSA §2808-B, sub-§2-A, ¶C**, as enacted by PL  
2003, c. 469, Pt. E, §16, is amended to read:

34           C. Rates for small group health plans must be filed in  
36 accordance with this section and subsections 2-B and 2-C for  
premium rates effective on or after July 1, 2004, ~~except~~  
38 ~~that--the--filing--of--rates--for--small--group--health--plans--are~~  
~~not--required--to--account--for--any--savings--offset--payment--or~~  
40 ~~any--recovery--of--that--offset--payment--pursuant--to--subsection~~  
~~2-B,--paragraph--D--and--section--6913--for--rates--effective--before~~  
42 ~~July--1,--2005.~~

44           **Sec. 7. 24-A MRSA §2808-B, sub-§2-B, ¶A**, as enacted by PL  
2003, c. 469, Pt. E, §16, is amended to read:

46           A. The superintendent shall disapprove any premium rates  
48 filed by any carrier, whether initial or revised, for a  
small group health plan unless it is anticipated that the  
50 aggregate benefits estimated to be paid under all the small

2 group health plans maintained in force by the carrier for  
3 the period for which coverage is to be provided will return  
4 to policyholders at least 75% of the aggregate premiums  
5 collected for those policies, as determined in accordance  
6 with accepted actuarial principles and practices and on the  
7 basis of incurred claims experience and earned premiums. ~~For~~  
8 ~~the purposes of this calculation, any savings offset~~  
9 ~~payments paid pursuant to section 6913 must be treated as~~  
10 ~~incurred claims.~~

11 **Sec. 8. 24-A MRSA §2808-B, sub-§2-B, ¶D,** as enacted by PL  
12 2003, c. 469, Pt. E, §16, is repealed.

13 **Sec. 9. 24-A MRSA §2808-B, sub-§2-B, ¶F,** as enacted by PL  
14 2003, c. 469, Pt. E, §16, is amended to read:

15 F. Any rate hearing conducted with respect to filings that  
16 meet the criteria in paragraph E is subject to this  
17 paragraph.

18 (1) A person requesting a hearing shall provide the  
19 superintendent with a written statement detailing the  
20 circumstances that justify a hearing, notwithstanding  
21 the satisfaction of the criteria in paragraph E.

22 (2) If the superintendent decides to hold a hearing,  
23 the superintendent shall issue a written statement  
24 detailing the circumstances that justify a hearing,  
25 notwithstanding the satisfaction of the criteria in  
26 paragraph E.

27 (3) In any hearing conducted under this paragraph, the  
28 bureau and any party asserting that the rates are  
29 excessive have the burden of establishing that the  
30 rates are excessive. The burden of proving that rates  
31 are adequate, and not unfairly discriminatory ~~and in~~  
32 ~~compliance with the requirements of section 6913~~  
33 remains with the carrier.

34 **Sec. 10. 24-A MRSA §2839-B, sub-§2,** as enacted by PL 2003, c.  
35 469, Pt. E, §17, is amended to read:

36 **2. Annual filing.** Every carrier offering group health  
37 insurance specified in subsection 1 shall annually file with the  
38 superintendent on or before April 30th a certification signed by  
39 a member in good standing of the American Academy of Actuaries or  
40 a successor organization that the carrier's rating methods and  
41 practices are in accordance with generally accepted actuarial  
42 principles and with the applicable actuarial standards of  
43 practice as promulgated by an actuarial standards board. The  
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~~filing must also certify that the carrier has included in its experience any savings offset payments or recovery of these savings offset payments consistent with section 6913.~~ The filing also must state the number of policyholders, certificate holders and dependents, as of the close of the preceding calendar year, enrolled in large group health insurance plans offered by the carrier. A filing and supporting information are public records except as provided by Title 1, section 402, subsection 3.

10           **Sec. 11. 24-A MRSA §6908, sub-§2, ¶B**, as enacted by PL 2003, c. 469, Pt. A, §8, is repealed.

12           **Sec. 12. 24-A MRSA §6913**, as amended by PL 2005, c. 400, Pt. A, §§10 to 13 and Pt. C, §9, is repealed.

14           **Sec. 13. 24-A MRSA §6914**, as amended by PL 2005, c. 400, Pt. A, §14, is further amended to read:

16           **§6914. Intragovernmental transfer**

18           ~~Starting July 1, 2004,~~ 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 only for those employees enrolled in the Dirigo Health Program through their employer who are determined eligible for MaineCare. Dirigo Health may not transfer funds for the purpose of providing a state match for federal Medicaid dollars for individuals directly enrolled in MaineCare due to any expansion in MaineCare eligibility. Dirigo Health shall annually set the amount of contribution.

20           **Sec. 14. 24-A MRSA §6915**, as amended by PL 2005, c. 386, Pt. D, §3, is further amended to read:

22           **§6915. Dirigo Health Enterprise Fund**

24           The Dirigo Health Enterprise Fund is created as an enterprise fund for the deposit of any funds advanced for initial operating expenses, payments made by employers and individuals, ~~any savings offset payments made pursuant to section 6913~~ and any funds received from any public or private source. The fund may not lapse, but must be carried forward to carry out the purposes of this chapter.

26           **Sec. 15. 24-A MRSA §6951, first ¶**, as enacted by PL 2003, c. 469, Pt. A, §8, is amended to read:

28           The Maine Quality Forum, referred to in this subchapter as "the forum," is established within Dirigo Health. The forum is

governed by the board with advice from the Maine Quality Forum Advisory Council pursuant to section 6952. The forum must be funded, ~~at least in part, through the savings offset payments made pursuant to section 6913~~ within the limitations of available funds. Except as provided in section 6907, subsection 2, information obtained by the forum is a public record as provided by Title 1, chapter 13, subchapter 1. The forum shall perform the following duties.

**Sec. 16. Appropriations and allocations.** The following appropriations and allocations are made.

**HEALTH AND HUMAN SERVICES, DEPARTMENT OF**

**Medical Care - Payments to Providers 0147**

Initiative: Provides the state share of Medicaid services for the parents or caretaker relatives of MaineCare eligible children when the child's family income is greater than 150% but equal to or below 200% of the federal nonfarm income official poverty line. These costs had previously been funded by a transfer of revenue from the Dirigo Health Enterprise Fund.

<b>GENERAL FUND</b>	<b>2005-06</b>	<b>2006-07</b>
All Other	\$0	\$8,313,000
	<hr/>	<hr/>
<b>GENERAL FUND TOTAL</b>	<b>\$0</b>	<b>\$8,313,000</b>
<b>OTHER SPECIAL REVENUE FUNDS</b>	<b>2005-06</b>	<b>2006-07</b>
All Other	\$0	(\$8,313,000)
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<b>OTHER SPECIAL REVENUE FUNDS TOTAL</b>	<b>\$0</b>	<b>(\$8,313,000)</b>

**SUMMARY**

This amendment is the minority report of the committee and replaces the bill, which is a concept draft pursuant to Joint Rule 208. The amendment repeals the savings offset payment. The amendment requires that the subsidy program for enrollees in the Dirigo Health Program and the Maine Quality Forum, which were funded with the savings offset payment, continue with funding from existing resources of the Dirigo Health Program. The amendment also prohibits any funds collected by Dirigo Health from being used as the state share for individuals directly enrolled in MaineCare.

The amendment adds a General Fund appropriation of \$8,313,000 for the costs of the state share for MaineCare services for parents as a result of the provision prohibiting

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COMMITTEE AMENDMENT "A" to S.P. 625, L.D. 1680

these costs from being funded through transfers from Dirigo Health.

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This amendment also corrects several cross-references.

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**FISCAL NOTE REQUIRED**  
(See attached)



# 122nd MAINE LEGISLATURE

LD 1680

LR 2381(02)

## An Act to Improve Dirigo Health

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

### Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$8,313,000	\$8,978,000	\$9,696,000
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$8,313,000	\$8,978,000	\$9,696,000
Other Special Revenue Funds	\$0	(\$8,313,000)	(\$8,978,000)	(\$9,696,000)
<b>Revenue</b>				
Other Funds	\$0	(\$43,700,000)	(\$43,700,000)	(\$43,700,000)
<b>Transfers</b>				
Other Special Revenue Funds	\$0	(\$8,313,000)	(\$8,978,000)	(\$9,696,000)
Other Funds	\$0	\$8,313,000	\$8,978,000	\$9,696,000

### Fiscal Detail and Notes

Assumes a General Fund appropriation of \$8.3 million will be required to fund the state share of the costs of Medicaid services for the parents of MaineCare eligible children with family incomes between 150% and 200% of the nonfarm income official poverty line that had previously been funded by a transfer of revenue from the Dirigo Health Enterprise Fund. Assumes the elimination of the Savings Offset Payment (SOP) would reduce Dirigo Health Enterprise Fund revenue beginning in July of 2006 and would result in a loss of 75% of the 2006 SOP and 25% of the 2007 SOP for state fiscal year 2006-07. For the purposes of this fiscal estimate, the 2007 SOP is assumed to be equal to the 2006 SOP. The impact of any subsequent changes to the Dirigo program (e.g., changes to the subsidy program, benefit design, employer/employee contributions, the MQF, etc.) would depend on actions taken by the Dirigo Health Board and cannot be determined at this time.