

MAINE STATE LEGISLATURE

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ADS

L.D. 1845

DATE: *4/12/06*

(Filing No. H-*1012*)

INSURANCE AND FINANCIAL SERVICES

Majority

Reproduced and distributed under the direction of the Clerk of the House.

STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "*A*" to H.P. 1285, L.D. 1845, Bill, "An Act To Increase Access to Health Insurance Products"

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

Sec. 1. 22 MRSA §3174-DD, as amended by PL 2005, c. 400, Pt. C, §2, is further amended to read:

§3174-DD. Dirigo health coverage

The department may contract with one or more health insurance carriers or the Dirigo Health Self-administered Plan established pursuant to Title 24-A, section 6981 to purchase Dirigo Health Program coverage for MaineCare members who seek to enroll through their employers pursuant to Title 24-A, section 6910, subsection 4, paragraph B. A MaineCare member who enrolls in the Dirigo Health Program as a member of an employer group receives full MaineCare benefits through the Dirigo Health Program. The benefits are delivered through the employer-based health plan, subject to nominal cost sharing as permitted by 42 United States Code, Section 1396o(2003) and additional coverage provided under contract by the department.

Sec. 2. 24-A MRSA §6903, sub-§1, as enacted by PL 2003, c. 469, Pt. A, §8, is amended to read:

1. Board. "Board" means the Board of ~~Directors~~ Trustees of Dirigo Health, as established in section 6904.

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Sec. 3. 24-A MRSA §6904, as enacted by PL 2003, c. 469, Pt. A, §8, is amended to read:

§6904. Board of Trustees of Dirigo Health

Dirigo Health operates under the supervision of --a- the Board of ~~Directors~~ Trustees of Dirigo Health established in accordance with this section.

1. **Appointments.** The board consists of --5- 9 voting members and -3- 4 ex officio, nonvoting members as follows.

A. The -5- 9 voting members of the board must be appointed by the Governor, subject to review by the joint standing committee of the Legislature having jurisdiction over health insurance matters and confirmation by the Senate.

B. The -3- 4 ex officio, nonvoting members of the board are:

- (1) The Commissioner of Professional and Financial Regulation or the commissioner's designee;
- (2) The director of the Governor's Office of Health Policy and Finance or the director of a successor agency; and
- (3) The Commissioner of Administrative and Financial Services or the commissioner's designee; and
- (4) The Treasurer of State or the treasurer's designee.

~~2. --Qualifications of voting members.--Voting members of the board~~

~~A. --Must have knowledge of and experience in one or more of the following areas:~~

- ~~(1) --Health care purchasing;~~
- ~~(2) --Health insurance;~~
- ~~(3) --MaineCare;~~
- ~~(4) --Health policy and law;~~
- ~~(5) --State management and budget; or~~
- ~~(6) --Health care financing; and~~

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~~B. -- Except as provided in this paragraph, may not be:~~

~~(1) -- A representative or employee of an insurance carrier authorized to do business in this State;~~

~~(2) -- A representative or employee of a health care provider operating in this State; or~~

~~(3) -- Affiliated with a health or health-related organization regulated by State Government.~~

~~A nonpracticing health care practitioner, retired or former health care administrator or retired or former employee of a health insurance carrier is not prohibited from being considered for board membership as long as that person is not currently affiliated with a health or health-related organization.~~

2-A. Qualifications of voting members. Voting members of the board must be qualified in accordance with this subsection.

A. Six of the voting members of the board must have knowledge of and experience in one or more of the following areas:

- (1) Health care purchasing;
- (2) Health insurance;
- (3) MaineCare;
- (4) Health policy and law;
- (5) State management and budget;
- (6) Health care financing;
- (7) Labor or consumer advocacy; and
- (8) Marketing.

B. Three of the voting members of the board must have knowledge of and experience in one or more of the following areas:

- (1) Accounting;
- (2) Banking;
- (3) Securities; and

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(4) Insurance.

C. Except as provided in this paragraph, a voting member of the board may not be:

(1) A representative or employee of a health insurance carrier authorized to do business in this State;

(2) A representative or employee of a health care provider operating in this State;

(3) Affiliated with a health or health-related organization regulated by State Government; or

(4) A representative or employee of Dirigo Health.

A nonpracticing health care practitioner, retired or former health care administrator or retired or former employee of a health insurance carrier is not prohibited from being considered for board membership as long as that person is not currently affiliated with a health or health-related organization.

3. Terms of office. Voting members serve 3-year terms. Voting members may serve up to 2 consecutive terms. Of the initial appointees, one member serves an initial term of one year, 2 members serve initial terms of 2 years and 2 members serve initial terms of 3 years. The Governor shall fill any vacancy for an unexpired term in accordance with subsections 1 and 2. Members reaching the end of their terms may serve until replacements are named.

4. Chair. The Governor shall appoint one of the voting members as the chair of the board.

5. Quorum. ~~Three~~ Five voting members of the board constitute a quorum.

6. Affirmative vote. An affirmative vote of ~~3~~ 5 members is required for any action taken by the board.

7. Compensation. A member of the board must be compensated according to the provisions of Title 5, section 12004-G, subsection 14-D; a member must receive compensation whenever that member fulfills any board duties in accordance with board bylaws.

8. Meetings. The board shall meet ~~at least 4 times a year~~ at regular intervals monthly and may also meet at other times at the call of the chair or the executive director. All meetings of

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the board are public proceedings within the meaning of Title 1, chapter 13, subchapter 1.

Sec. 4. 24-A MRSA §6905, as enacted by PL 2003, c. 469, Pt. A, §8, is repealed and the following enacted in its place:

§6905. Limitation on liability

1. Indemnification of Dirigo Health employees. An employee of Dirigo Health is not subject to any personal liability for having acted within the course and scope of membership or employment to carry out any power or duty under this chapter. Dirigo Health shall indemnify any member of the board and any employee of Dirigo Health against expenses actually and necessarily incurred by that member or employee in connection with the defense of any action or proceeding in which that member or employee is made a party by reason of past or present authority with Dirigo Health.

2. Limitation on liability of board members. The personal liability of a member of the board is governed by Title 18-B, section 1010.

Sec. 5. 24-A MRSA §6908, sub-§2, ¶E, as amended by PL 2005, c. 400, Pt. C, §6, is further amended to read:

E. Arrange the provision of Dirigo Health Program benefit coverage to eligible individuals and eligible employees through contracts with one or more qualified bidders in accordance with section 6910 or through the self-administered plan authorized pursuant to section 6981;

Sec. 6. 24-A MRSA §6909, sub-§2, ¶A, as enacted by PL 2003, c. 469, Pt. A, §8, is amended to read:

A. ~~Serve as the liaison between the board of directors and Dirigo Health and serve as secretary and treasurer to the board;~~

Sec. 7. 24-A MRSA §6910, sub-§1, as amended by PL 2005, c. 400, Pt. C, §8, is further amended to read:

1. Dirigo Health Program. Dirigo Health shall arrange for the provision of health benefits coverage through the Dirigo Health Program not later than October 1, 2004. The Dirigo Health Program must comply with all relevant requirements of this Title. Dirigo Health Program coverage may be offered by health insurance carriers that apply to the board and meet qualifications described in this section and any additional

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2 qualifications set by the board or may be provided through the
3 Dirigo Health Self-administered Plan pursuant to section 6981.

4 **Sec. 8. 24-A MRSA §6916** is enacted to read:

6 **§6916. Marketing and sale of Dirigo Health Program;**
7 **qualifications of insurance producers**

8 **1. Qualifications of insurance producers.** An insurance
9 producer licensed pursuant to chapter 16 may solicit, negotiate
10 and sell insurance products offered by or through the Dirigo
11 Health Program if the following conditions are met prior to any
12 such solicitation, negotiation or sale:

13 A. The producer is authorized by the superintendent to
14 solicit, negotiate and sell insurance products for the
15 health line of business;

16 B. The producer has successfully completed all training
17 offered and required by the Dirigo Health Program for the
18 solicitation, negotiation and sale of Dirigo Health Program
19 insurance products, including any continuing training
20 offered and required by the Dirigo Health Program;

21 C. The producer provides the carrier or carriers with which
22 the Dirigo Health Program has contracted to underwrite and
23 provide Dirigo Health Program coverage a current certificate
24 from the Dirigo Health Program certifying the successful
25 completion of all training offered and required by the
26 Dirigo Health Program; and

27 D. The producer successfully completes all training specific
28 to the sale of Dirigo Health Program insurance products
29 offered and required by the carrier or carriers contracting
30 with the Dirigo Health Program to underwrite and provide
31 Dirigo Health Program coverage, including any continuing
32 training offered and required by such carrier or carriers.

33 **2. Annual certification required.** Training pursuant to
34 subsection 1 must be completed annually, and any certificate
35 establishing successful completion of training is valid for one
36 year from the date of issuance. If a producer fails to obtain
37 certification following the expiration of the prior year's
38 certification, the producer may not continue to solicit,
39 negotiate and sell insurance products offered by or through the
40 Dirigo Health Program.

41 **3. Carrier appointment not required.** Notwithstanding any
42 other provision of law, an insurance producer licensed pursuant
43 to

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2 to chapter 16 who complies with this section may solicit,
3 negotiate and sell insurance products offered by or through the
4 Dirigo Health Program without being appointed by the carrier or
5 carriers contracting with the Dirigo Health Program to underwrite
6 and provide Dirigo Health Program coverage. A producer may not
7 solicit, negotiate or sell insurance products offered by or
8 through the Dirigo Health Program if the producer is not in
9 compliance with this subsection. Notwithstanding section 1445,
10 the carrier or carriers contracting with the Dirigo Health
11 Program to underwrite and provide Dirigo Health Program coverage
12 are not liable for the actions of an insurance producer who has
13 not been appointed to solicit, negotiate and sell insurance
14 products offered by or through the Dirigo Health Program.

15 Sec. 9. 24-A MRSA c. 87, sub-c. 4 is enacted to read:

16 SUBCHAPTER 4

17 DIRIGO HEALTH SELF-ADMINISTERED PLAN

18 §6981. Dirigo Health Self-administered Plan

19 Notwithstanding section 6910, subsection 2, Dirigo Health
20 may provide access to health benefits coverage by establishing
21 the Dirigo Health Self-administered Plan, referred to in this
22 section as "the self-administered plan," pursuant to this section.

23 1. Establishment. Dirigo Health may provide access to
24 health benefits coverage through the Dirigo Health
25 Self-administered Plan subject to the requirements of this
26 section. The board may make a determination that Dirigo Health
27 will provide access to health benefits coverage through a
28 self-administered plan after the board evaluates competitive bids
29 for health benefits coverage for self-administered and fully
30 underwritten health benefits coverage. If the board determines
31 that Dirigo Health will provide access to health coverage through
32 a self-administered plan as authorized under this section, the
33 board shall submit a report explaining the reasons for the
34 decision to the joint standing committee of the Legislature
35 having jurisdiction over health insurance matters within 30 days
36 of the decision. Upon receipt of a report from the board, the
37 chairs of the joint standing committee of the Legislature having
38 jurisdiction over health insurance matters may call a meeting of
39 the committee. Following receipt of such a report, the joint
40 standing committee of the Legislature having jurisdiction over
41 health insurance matters may report out legislation to the next
42 regular or special session of the Legislature relating to the
43 establishment of the Dirigo Health Self-administered Plan.

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2 2. Cooperative agreements. Dirigo Health may enter into
3 voluntary cooperative agreements with a public purchaser for
4 purchasing purposes and administrative functions. If a
5 cooperative agreement is entered into pursuant to this
6 subsection, the self-administered plan and any public purchaser
7 shall maintain separate and distinct risk pools and reserves and
8 may not commingle risk pools or reserve funds under any
9 circumstances. For the purposes of this subsection, "public
10 purchaser" means an entity that purchases health coverage in
11 whole or in part with public funds, including, but not limited
12 to, the state employee health insurance program, the University
13 of Maine System, the Maine Community College System, the Maine
14 Education Association benefits trust, the Maine School Management
15 Association benefits trust and municipal and county governments.
16 For the purposes of this subsection, "public purchaser" does not
17 mean the Department of Health and Human Services, Office of
18 MaineCare Services except for cooperative agreements for the
19 purchasing of pharmaceuticals pursuant to Title 5, section 2031.

20 3. Additional responsibilities of board. In addition to
21 the duties and responsibilities set out in sections 6908 and
22 6910, the board is authorized to:

24 A. Operate the self-administered plan pursuant to a trust
25 instrument in accordance with Title 18-B;

26 B. Develop, maintain and modify a business plan for the
27 self-administered plan as appropriate in consultation with
28 the executive director;

29 C. Establish an operating budget for the self-administered
30 plan subject to legislative approval in the biennial budget
31 process in accordance with section 6908, subsection 3;

32 D. Ensure the ongoing fiscal integrity and stability of the
33 self-administered plan in accordance with subsections 5 and
34 10 and monitor statistics provided by the executive director
35 relating to the number of plan enrollees, working rates,
36 utilization of benefits, operating costs and reimbursement
37 for losses related to excess or stop loss coverage;

38 E. Establish administrative and accounting procedures in
39 accordance with section 6908, subsection 2, paragraph A and
40 develop financial statements that are consistent with
41 generally accepted accounting principles;

42 F. Obtain necessary contracts for services, including, but
43 not limited to, actuarial services, accounting services,
44 auditing services, investment advice and counsel and
45 other services necessary for the operation of the self-
46 administered plan.

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custodial services for financial assets in accordance with subsection 4;

G. Take any actions necessary to comply with federal and state Medicaid rules regarding Dirigo Health plan enrollees members eligible for MaineCare;

H. Take any actions necessary to comply with federal Medicaid managed care organization contract requirements as provided in 42 Code of Federal Regulations, Part 438 (2002); and

I. Have and exercise all powers necessary and appropriate to carry out the purposes of this section.

4. Services. If the board determines that Dirigo Health will provide access to health coverage through the self-administered plan pursuant to subsection 2, the board shall contract for the following services through a competitive bidding process unless the requirement for competitive bidding is waived pursuant to Title 5, section 1825-B, subsection 2 or a carrier contracted by Dirigo Health to fully underwrite health benefits coverage terminates that contract.

A. The board shall secure the services of an actuary for technical advice on matters regarding the operation of the self-administered plan in accordance with this paragraph. The board shall contract for actuarial services after a competitive bidding process at least every 3 years and may award a bid only to an actuary who is a member in good standing of the American Academy of Actuaries or a successor organization. The contract must require the actuary to:

(1) Act as a technical advisor to the board on matters regarding the operation of the self-administered plan in accordance with this paragraph;

(2) Certify the amounts of the benefits paid and payable under this section;

(3) Analyze the year's operations and results and the experience of the self-administered plan;

(4) Determine appropriate actuarial assumptions for recommendation to the board; and

(5) Determine the appropriate level of reserves needed to sustain the self-administered plan and pay benefits.

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2 B. The board shall secure the services of one or more
4 fiduciaries or registered investment advisors through
negotiated contractual arrangements. The contract must
require the fiduciary or registered investment advisor to:

6 (1) Invest and reinvest the funds in accordance with
8 appropriate financial and trust standards;

10 (2) Advise the board as to reasonable investment
philosophy; and

12 (3) Submit regular reports of investments and changes
14 to the board.

16 C. The board shall contract with an appropriate financial
institution for custodial services for the securities and
18 other investment assets of the self-administered plan. The
contract must require the custodian to meet financial
20 safeguards and other qualifications determined by the board,
including restrictions on the manner in which deposits and
22 withdrawals of funds are completed.

24 D. When the self-administered plan is established, the
board shall purchase, through contracts from one or more
26 3rd-party administrators or any organization necessary to
administer and provide a health plan, a policy or policies
28 or a contract to provide the benefits specified by this
section. The purchase of policies by the board must be
30 accomplished by use of a written contract for a term
determined by the board.

32 The board may contract for any other applicable services
necessary to comply with federal law.

34 5. Administration. The following provisions govern the
36 administration of the self-administered plan.

38 A. The assets and liabilities of the self-administered plan
are solely the assets and liabilities of Dirigo Health.

40 B. The actuary under contract with the board pursuant to
42 subsection 4 shall determine:

44 (1) The appropriate level of reserves estimated to be
sufficient to pay claims and administrative costs
46 according to subsection 10, paragraph B;

48 (2) Whether the program is operating on an actuarially
sound basis, and any recommendations based on that
50 determination;

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(3) A rate structure for the self-administered plan, including working rates actuarially sufficient to pay anticipated claims for the current claims year as well as to provide sufficient reserves for incurred but not reported claims;

(4) Recommendations as to the purchase of excess or stop loss insurance including suggested attachment levels and limits; and

(5) Recommendations as to the need for a security deposit or surety bond to protect against insolvency.

The actuary shall annually present information to the board on the determinations made pursuant to this paragraph as well as the method of distribution of any accumulations above the reserves including use of excess reserves to moderate the working rates.

C. Upon receipt of the initial presentation and recommendations of the actuary pursuant to paragraph B and annually thereafter, the board shall submit that presentation to the superintendent for review. The superintendent shall review the actuary's presentation and provide comments to the board.

6. Audits: financial statements. The board shall arrange for an annual audit of its financial statements by an independent certified public accounting firm. Within 30 days of the completion of the audit, a copy of the audited financial statements must be distributed to the Legislature in the same manner as required by section 6908, subsection 4. A copy of the audited financial statements must also be made available for public inspection.

7. Public entity. The Dirigo Health Self-administered Plan is a public entity for the purposes of 42 Code of Federal Regulations, Section 438.116.

8. Application of certain insurance provisions. The self-administered plan must meet or exceed the following requirements as if health benefits coverage were provided by a health insurance carrier:

A. The requirements for ratings practices pursuant to section 2736-C, subsection 2 and section 2808-B, subsection 2;

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- 2 B. The requirements for guaranteed issuance pursuant to
4 section 2736-C, subsection 3 and section 2808-B, subsection
6 4;
- 6 C. The requirements for guaranteed renewal pursuant to
8 section 2736-C, subsection 3 and section 2808-B, subsection
10 4 subject to the limitations of available funds maintained
12 by the self-administered plan in accordance with subsection
14 10;
- 12 D. The requirements for continuity of coverage, coverage of
14 late enrollees and preexisting condition exclusions pursuant
16 to chapter 36;
- 16 E. The requirements for mandated coverage of specific health
18 care services and for specific diseases and for certain
20 providers of health care services pursuant to Title 24 and
22 this Title; and
- 20 F. The requirements for the benefits, rights and protections
22 for individuals enrolled in health plans pursuant to chapter
24 56-A and Bureau of Insurance Rule, Chapter 850.
26 Notwithstanding any statute or common law to the contrary,
28 an individual enrolled in the self-administered plan may
30 maintain a cause of action against the self-administered
32 plan subject to the requirements of section 4313. This
34 paragraph is a waiver of the State's defense of immunity
36 under Title 14, chapter 741.
- 30 The self-administered plan may not enter into any contract with a
32 3rd-party administrator, carrier or other organization to
34 administer and provide health coverage that has not demonstrated
36 compliance with all applicable state laws.
- 34 9. Dirigo Health Self-administered Plan not an insurer.
36 The Dirigo Health Self-administered Plan is not an insurer,
38 reciprocal insurer or joint underwriting association under the
40 laws of the State. The administration of the self-administered
42 plan by the board does not constitute doing the business of
44 insurance.
- 42 10. Reserves. This subsection applies to reserves of the
44 self-administered plan.
- 44 A. The Dirigo Health Reserve is created as an account
46 within the Dirigo Health Enterprise Fund, as established
48 pursuant to section 6915, for the deposit of reserves as
50 required by paragraph B.
- 50 B. The self-administered plan shall maintain a reserve at
least equal to the sum of:

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- 2 (1) An amount estimated by a qualified actuary under
4 subsection 5 to be necessary to pay claims and
 administrative costs for the assumed risk for 2 1/2
6 months; and

- 8 (2) The amount determined annually by a qualified
 actuary under subsection 5 to be necessary to fund the
10 unpaid portion of ultimate expected losses, including
 incurred but not reported claims, and related expenses
12 incurred in the provision of benefits for eligible
 participants, less any credit, as determined by a
14 qualified actuary, for excess or stop loss insurance.

- 16 C. The Dirigo Health Reserve must be adjusted on a
 quarterly basis in order to maintain a reserve at least
18 equal to the amount determined in paragraph B.

- 20 D. The Dirigo Health Reserve is capitalized by money from
 the Dirigo Health Enterprise Fund, as established pursuant
22 to section 6915, and any other fund advanced for initial
 operating expenses, monthly enrollee payments, any funds
24 received from any public or private source, legislative
 appropriations, payments from state departments and agencies
26 and such other means as the Legislature may approve. All
 money in the Dirigo Health Reserve is deemed to be the
28 commingled assets of all covered enrollees and may be used
 only for the purposes of this section.

- 30 11. Stop loss insurance. The board may purchase excess or
 stop loss insurance for the self-administered plan, with
32 attachment levels and limits as recommended by a qualified
 actuary pursuant to subsection 5. If the board is unable to
34 purchase excess or stop loss insurance at the recommended
 attachment levels and limits, the board does not have the
36 authority to establish a self-administered plan as provided in
 this section.

- 38 12. Marketing and distribution. The board may contract for
40 the marketing and distribution of the self-administered plan in
 accordance with the requirements of this subsection. Any entity
42 or individual that contracts with the self-administered plan
 shall successfully complete all training offered by Dirigo Health
44 for the solicitation, negotiation and sale of health benefits
 coverage. Training must be completed annually, and any
46 certificate establishing successful completion of training is
 valid for one year from the date of issuance. If an entity or
48 individual fails to obtain certification following the
 expiration of the prior year's certification, the entity or

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2 individual may not continue to solicit, negotiate and sell health
benefits coverage under the self-administered plan.

4 13. Provider reimbursement. In any contract with a
3rd-party administrator, carrier or other organization to
6 administer and provide health coverage to enrollees of the
self-administered plan, the board shall ensure that:

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10 A. Providers contracting to provide health coverage to plan
enrollees are reimbursed at a rate comparable to current
12 market reimbursement rates among commercial carriers in the
State;

14 B. Providers contracting to provide health coverage to plan
enrollees are paid in a timely manner in accordance with the
16 same requirements that would be required under state law for
health insurance carriers pursuant to Title 24-A, section
18 2436; and

20 C. If the self-administered plan fails to pay for health
care services as set forth in the contract, providers are
22 governed by the standards required pursuant to section 4204,
subsection 6. This paragraph does not prohibit a provider
24 from collecting or attempting to collect from a plan
enrollee any amount for services not normally payable to the
26 self-administered plan, including any applicable copayments
and deductibles.

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30 14. No liability for plan enrollees. This section does not
create any liability on the part of eligible employers, eligible
32 employees or eligible individuals enrolled in Dirigo Health in
the event that the self-administered plan becomes insolvent or
fails to pay claims.

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36 **Sec. 10. New appointments to Board of Trustees of Dirigo Health;**
staggered terms. Notwithstanding the Maine Revised Statutes,
38 Title 24-A, section 6904, subsection 3, the terms of the 4
members added to the Board of Trustees of Dirigo Health pursuant
40 to this Act must be staggered. The Governor shall appoint one
member for a term of 1 year, one member for a term of 2 years and
2 members for terms of 3 years.'

44 **SUMMARY**

46 This amendment replaces the bill and is the majority report
of the committee. The amendment expands the Dirigo Health Board
48 of Directors from 5 to 9 members and renames it the Board of
Trustees of Dirigo Health. The amendment requires that 3 voting
50 members of the board have expertise in accounting, banking,

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2 securities or insurance and adds the Treasurer of State as an ex
3 officio, nonvoting member. The amendment clarifies that 5 members
4 of the board constitute a quorum and that an affirmative vote of
5 5 members is needed for the board to take action. The amendment
6 extends the limitation on personal liability of trustees under
the Maine Uniform Trust Code to the trustees of Dirigo Health.

8 The amendment permits licensed insurance producers with
9 health authority to sell the Dirigo Health Program insurance
10 products if the producer meets certain training requirements.
11 Additionally, the bill exempts producers from the appointment
12 requirement solely for purposes of selling the Dirigo Health
13 Program insurance products and holds a carrier underwriting
14 Dirigo Health Program coverage harmless from liability for any
15 actions of such producers.

16 The amendment gives authority to Dirigo Health to provide
17 access to health benefits coverage through the Dirigo Health
18 Self-administered Plan after the board evaluates bids for
19 self-administered and fully insured benefits coverage. If the
20 board makes the decision to provide coverage through a
21 self-administered plan, the amendment requires the board to
22 report to the joint standing committee of the Legislature having
23 jurisdiction over health insurance matters within 30 days of the
24 decision. The amendment also gives the committee the authority to
25 report out legislation relating to the self-administered plan.

26 If the Dirigo Health Self-administered Plan is established,
27 the amendment authorizes the board to enter into voluntary
28 cooperative agreements with a public purchaser for purchasing and
29 administrative functions only, but requires that the risk pools
30 and reserves of the Dirigo Health Self-administered Plan and any
31 public purchaser may not be commingled. The amendment expands the
32 duties and responsibilities of the board with regard to the
33 establishment and ongoing management of the self-administered
34 plan. The amendment requires the board to contract for services
35 from actuaries, investment counsel, financial institutions,
36 3rd-party administrators and any other organization necessary to
37 administer the plan. The amendment requires an actuary under
38 contract to the board to determine the appropriate level of
39 reserves and administrative costs for the plan and the amount of
40 stop loss insurance necessary, provide opinions regarding the
41 actuarial soundness of the plan, develop a rate structure for the
42 plan and report annually to the board.

43 The amendment requires the Dirigo Health Self-administered
44 Plan to maintain reserves at least equal to the sum of the amount
45 necessary to pay claims and administrative costs for the assumed
46 risk for 2 1/2 months and the amount determined annually by a
47 qualified actuary to be necessary to fund the unpaid portion of
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COMMITTEE AMENDMENT

REFS

COMMITTEE AMENDMENT "A" to H.P. 1285, L.D. 1845

2 ultimate expected losses and related expenses incurred in the
3 provision of benefits. The amendment requires the reserve
4 account to be adjusted on a quarterly basis and to be capitalized
5 from any initial start-up funds transferred into the account by
6 Dirigo Health, monthly enrollee payments, any funds received from
7 any public or private source, legislative appropriations,
8 payments from any state departments or agencies and any other
9 means approved by the Legislature. The amendment also authorizes
10 the board to purchase excess or stop loss insurance at attachment
11 limits and levels recommended by a qualified actuary and removes
12 the authority to establish a self-administered plan in the event
13 the board is unable to purchase that insurance.

14 The amendment requires the Dirigo Health Self-administered
15 Plan to meet the same requirements of the Maine Insurance Code
16 that would be required by state law if health benefits coverage
17 were provided by a health insurance carrier for community rating,
18 guaranteed issuance, guaranteed renewal, continuity of coverage
19 and mandated benefits. The amendment also requires that the
20 self-administered plan extend the same benefits, rights and
21 protections of the Maine Revised Statutes, Title 24-A, chapter
22 56-A and Bureau of Insurance Rule Chapter 850, including a
23 limited right to sue the Dirigo Health Self-administered Plan.
24 The amendment specifically waives the State's defense of immunity
25 under the Maine Tort Claims Act.

26

28

FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT



Revised: 04/11/06 *MAC*

122nd MAINE LEGISLATURE

LD 1845

LR 2927(02)

An Act To Increase Access to Health Insurance Products

Fiscal Note for Bill as Amended by Committee Amendment "A"
Committee: Insurance and Financial Services

Fiscal Note Required: Yes

Majority Report

Fiscal Note

Potential current biennium cost increase - General Fund

Minor cost increase - Other Funds

Fiscal Detail and Notes

Assumes that giving the Dirigo Health Program the option to convert to a self-administered plan could result in the State bearing additional financial liability if reserves and stop loss insurance provisions required in the bill prove to be inadequate. Assumes any additional costs to the Dirigo Health Program from the other changes made in the bill can be absorbed by the program utilizing existing resources of the Dirigo Health Enterprise Fund. Assumes any additional costs to the Bureau of Insurance in the Department of Professional and Financial Regulation can be absorbed by the Bureau utilizing existing budgetary resources.