

MAINE STATE LEGISLATURE

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M
R.O.S.

L.D. 1935

DATE: 5-22-06

(Filing No. H-1096)

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

HOUSE AMENDMENT "G" to COMMITTEE AMENDMENT "A" to S.P. 736, L.D. 1935, Bill, "An Act To Protect Health Insurance Consumers"

Amend the amendment by striking out the substitute title and replacing it with the following:

'An Act To Protect Health Insurance Consumers'

Further amend the amendment by inserting before the enacting clause the following:

'Emergency preamble. Whereas, acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the Dirigo Health Program enacted in 2003 has resulted in aggregate measurable cost savings of \$43.7 million as determined by the Superintendent of Insurance in an adjudicatory ruling on October 29, 2005; and

Whereas, these cost savings will be recovered through the savings offset payment to be paid by insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers; and

Whereas, these cost savings should be reflected in health insurance premium rates for the benefit of premium payers and consumers; and

HOUSE AMENDMENT

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2 **Whereas**, insurance carriers, 3rd-party administrators and
employee benefit excess carriers will begin paying the savings
offset payment in April 2006; and

4 **Whereas**, the amount of the savings offset payment must not
6 be passed on to premium payers and consumers in increased premium
rates; and

8 **Whereas**, in the judgment of the Legislature, these facts
10 create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
12 necessary for the preservation of the public peace, health and
safety; now, therefore,

14 Further amend the amendment by striking out all of Parts A
16 and B and inserting in their place the following:

18 **Sec. 1. 24-A MRSA §2736-C, sub-§2, ¶F**, as enacted by PL 2003,
c. 469, Pt. E, §12, is amended to read:

20 F. A carrier that adjusts its rate shall account for the
22 ~~savings-offset-payment~~ or any recovery in that the savings
offset payment in its experience consistent with this
24 section and section 6913, but the carrier may not adjust its
rate to reflect the savings offset payment amount paid by
26 the carrier.

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

30 D. A carrier that adjusts its rate shall account for the
32 ~~savings-offset-payment~~ or any recovery of that the savings
offset payment in its experience consistent with this
34 section and section 6913, but the carrier may not adjust its
rate to reflect the savings offset payment amount paid by
36 the carrier.

38 **Sec. 3. 24-A MRSA §2839-B, sub-§2**, as enacted by PL 2003, c.
469, Pt. E, §17, is amended to read:

40 **2. Annual filing.** Every carrier offering group health
42 insurance specified in subsection 1 shall annually file with the
superintendent on or before April 30th a certification signed by
44 a member in good standing of the American Academy of Actuaries or
a successor organization that the carrier's rating methods and
46 practices are in accordance with generally accepted actuarial
principles and with the applicable actuarial standards of
48 practice as promulgated by an actuarial standards board. The
filing must certify that the carrier has not included in its
50 experience any savings offset payments paid in accordance with

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2 section 6913. The filing must also certify that the carrier has
3 included in its experience any savings--offset--payments--or
4 recovery of these savings offset payments consistent with section
5 6913. The filing also must state the number of policyholders,
6 certificate holders and dependents, as of the close of the
7 preceding calendar year, enrolled in large group health insurance
8 plans offered by the carrier. A filing and supporting information
9 are public records except as provided by Title 1, section 402,
10 subsection 3.

11 **Sec. 4. 24-A MRSA §6913, sub-§2,** as repealed and replaced by
12 PL 2005, c. 400, Pt. A, §11, is amended to read:

13 **2. Determination of savings offset amount.** The board shall
14 determine annually a savings offset amount to be paid by health
15 insurance carriers, employee benefit excess insurance carriers
16 and 3rd-party administrators, not including carriers and
17 3rd-party administrators with respect to accidental injury,
18 specified disease, hospital indemnity, dental, vision, disability
19 income, long-term care, Medicare supplement or other limited
20 benefit health insurance. The board shall determine the savings
21 offset amount in accordance with the following:

22
23 A. Not later than April of each year, the board shall
24 prospectively determine the savings offset amount to be
25 applied during each 12-month calendar year period;

26
27 B. To determine the savings offset amount, the board shall
28 use the criteria and reports described in subsections 7 and
29 8;

30
31 C. The savings offset amount must reflect and may not exceed
32 aggregate measurable cost savings, as determined by the
33 board pursuant to subsection 1; and

34
35 D. The savings offset amount calculation is limited to the
36 amount of funds necessary to provide subsidies pursuant to
37 section 6912 and to support the Maine Quality Forum
38 established in section 6951 and may not include general
39 administrative expenses of Dirigo Health, except for general
40 administrative expenses of the Maine Quality Forum.

41
42 ~~The savings offset amount determined by the board in accordance~~
43 ~~with this subsection is the determining factor for inclusion of~~
44 ~~savings offset payments in premiums through rate setting review~~
45 ~~by the bureau.~~

46
47 **Sec. 5. 24-A MRSA §6913, sub-§9,** as enacted by PL 2003, c.
48 469, Pt. A, §8, is amended to read:
49
50

PLS

9. Demonstration of recovery of savings offset payments.

2 As provided in sections 2736-C, 2808-B and 2839-B, the claims
3 experience used to determine any filed premiums or rating formula
4 may not reflect the savings offset payment amount determined in
5 accordance with subsection 2, but must reasonably reflect, in
6 accordance with accepted actuarial standards, known changes and
7 offsets-in recovery of savings offset payments by the carrier to
8 health care providers in this State, including any reduction or
9 avoidance of bad debt and charity care costs to health care
10 providers in this State as a result of the operation of Dirigo
11 Health and any increased enrollment due to an expansion in
12 MaineCare eligibility occurring after June 30, 2004 as determined
13 by the board consistent with subsection 1.

14
15 **Emergency clause.** In view of the emergency cited in the
16 preamble, this Act takes effect when approved.'

17
18 **SUMMARY**

19
20 This amendment replaces Committee Amendment "A" and
21 prohibits insurance carriers from including the costs of the
22 savings offset payment used to support the Dirigo Health Program
23 in health insurance premium rates.
24

25
26 **FISCAL NOTE REQUIRED**
27 **(See attached)**

28
29
30
31
32 SPONSORED BY: 

(Representative LINDELL)

33
34 TOWN: Frankfort



122nd MAINE LEGISLATURE

LD 1935

LR 2809(09)

An Act To Protect Health Insurance Consumers

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

Sponsor: Rep. Lindell

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Net Cost (Savings)				
General Fund	\$0	(\$6,130)	\$0	\$0
Appropriations/Allocations				
General Fund	\$0	(\$6,130)	\$0	\$0
Other Special Revenue Funds	\$0	(\$500)	\$0	\$0
Other Funds	\$0	\$12,900,000	\$0	\$0
Revenue				
Other Funds	\$0	\$20,700,000	\$0	\$0

Fiscal Detail and Notes

This fiscal note reflects the incremental difference between the amendment and the majority report. The resulting bill as amended would have no fiscal impact.