

# MAINE STATE LEGISLATURE

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L.D. 1935

DATE: 5-24-06

(Filing No. H-1117)

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

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

Amend the bill by striking out all of the emergency preamble (page 1, lines 1 to 31 in L.D.)

Further amend the bill by inserting before section 1 the following:

'Sec. 1. 24-A MRSA §1906, sub-§12 is enacted to read:

12. An administrator must provide a notice to covered individuals of each plan sponsor, health care service plan, health maintenance organization or insurer for which it adjusts or settles claims regarding savings associated with Dirigo Health, established in chapter 87. Dirigo Health shall prepare and provide to each administrator a copy of the notice. For calendar year 2006, the notice must be mailed no later than September 30, 2006.

A. The notice must contain, at a minimum, the amount of the aggregate measurable cost savings as determined pursuant to section 6913, subsection 1.

B. Any notice or information by an administrator to covered individuals, in whatever manner conveyed, regarding Dirigo Health savings other than the notice required in this subsection must be deemed a violation of the laws governing trade practices and frauds in chapter 23.

2009

2 C. An administrator who fails to provide the notice  
4 required in this subsection is subject to a fine of \$200 for  
6 each covered individual who would have received such notice  
but for the failure to provide it or who receives a notice  
that fails to comply with the requirements of this  
8 subsection.

10 **Sec. 2. 24-A MRSA §1909, sub-§11 is enacted to read:**

12 11. No amount of the savings offset payment, as established  
under section 6913, paid by an administrator may be paid out of  
14 charges, contributions or premiums made by or on behalf of a plan  
sponsor, health care service plan, health maintenance  
16 organization or insurer to the administrator. If at any time the  
superintendent has reason to believe that the payment of funds by  
18 the administrator for the savings offset payment would frustrate  
the purposes of this subsection, the superintendent shall conduct  
20 an investigation and, upon determination of a violation of this  
subsection, shall require the administrator to return the funds  
22 to the plan. Upon application by an administrator, if the  
superintendent has reason to believe that the funds available to  
24 pay the savings offset payment may not be adequate, the  
superintendent shall cause a hearing to be held to determine the  
26 amount and sources of funds available to the administrator to pay  
the savings offset payment and what relief is available.'

28 Further amend the bill in section 1 in paragraph F by  
30 inserting at the end the following:

32 '(1) A carrier must provide a notice to insured policy  
holders and certificate holders in accordance with this  
34 paragraph. Dirigo Health, established in chapter 87,  
shall prepare and provide to each carrier a copy of the  
36 notice. For calendar year 2006, the notice must be  
mailed no later than September 30, 2006.

38 (a) The notice must contain, at a minimum, the  
amount of the aggregate measurable cost savings as  
40 determined pursuant to section 6913, subsection 1.

42 (b) Any notice or information by a carrier to  
insured policy holders and certificate holders, in  
44 whatever manner conveyed, regarding Dirigo Health  
savings other than the notice required in this  
46 subparagraph must be deemed a violation of the  
laws governing trade practices and frauds in  
48 chapter 23.

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HOUSE AMENDMENT "A" to S.P. 736, L.D. 1935

2           (c) A carrier who fails to provide the notice  
3           required in this subparagraph is subject to a fine  
4           of \$200 for each insured policy holder and  
5           certificate holder who would have received such  
6           notice but for the failure to provide it or who  
7           receives a notice that fails to comply with the  
8           requirements of this subparagraph.'

10           Further amend the bill in section 2 in paragraph D by  
11           inserting at the end the following:

12           '(1) A carrier must provide a notice to insured policy  
13           holders and certificate holders in accordance with this  
14           subparagraph. Dirigo Health, established in chapter  
15           87, shall prepare and provide to each carrier a copy of  
16           the notice. For calendar year 2006, the notice must be  
17           mailed no later than September 30, 2006.

18           (a) The notice must contain, at a minimum, the  
19           amount of the aggregate measurable cost savings as  
20           determined pursuant to section 6913, subsection 1.

21           (b) Any notice or information by a carrier to  
22           insured policy holders and certificate holders, in  
23           whatever manner conveyed, regarding Dirigo Health  
24           savings other than the notice required in this  
25           subparagraph must be deemed a violation of the  
26           laws governing trade practices and frauds in  
27           chapter 23.

28           (c) A carrier who fails to provide the notice  
29           required in this subparagraph is subject to a fine  
30           of \$200 for each insured policy holder and  
31           certificate holder who would have received such  
32           notice but for the failure to provide it or who  
33           receives a notice that fails to comply with the  
34           requirements of this subparagraph.'

35           Further amend the bill in section 3 in subsection 2 by  
36           inserting at the end the following:

37           'A. A carrier must provide a notice to insured policy  
38           holders and certificate holders in accordance with this  
39           paragraph. Dirigo Health, established in chapter 87, shall  
40           prepare and provide to each carrier a copy of the notice.  
41           For calendar year 2006, the notice must be mailed no later  
42           than September 30, 2006.

# HOUSE AMENDMENT

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HOUSE AMENDMENT "A" to S.P. 736, L.D. 1935

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(1) The notice must contain, at a minimum, the amount of the aggregate measurable cost savings as determined pursuant to section 6913, subsection 1.

(2) Any notice or information by a carrier to insured policy holders and certificate holders, in whatever manner conveyed, regarding Dirigo Health savings other than the notice required in this paragraph must be deemed a violation of the laws governing trade practices and frauds in chapter 23.

(3) A carrier who fails to provide the notice required in this paragraph is subject to a fine of \$200 for each insured policy holder and certificate holder who would have received such notice but for the failure to provide it or who receives a notice that fails to comply with the requirements of this paragraph.'

Further amend the bill by inserting after section 3 the following:

**'Sec. 4. 24-A MRSA §6913, sub-§1, ¶A,** as enacted by PL 2005, c. 400, Pt. A, §10, is amended to read:

A. After an opportunity for a hearing conducted pursuant to Title 5, chapter 375, subchapter 4, the board shall determine annually not later than April 1st the aggregate measurable cost savings contained in Public Law 2003, chapter 469, including but not limited to 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 MaineCare enrollment due to an expansion in MaineCare eligibility occurring after June 30, 2004, and any further cost savings initiatives adopted and approved by the board for plan years beginning on or after January 1, 2007.'

Further amend the bill by inserting after section 5 the following:

**'Sec. 6. Fixed savings offset payment for plan years beginning January 1, 2006 to December 31, 2006.** Notwithstanding the Maine Revised Statutes, Title 24-A, section 6913, subsection 1 to 3, the savings offset payment for plan years beginning January 1, 2006 to December 31, 2006 must equal a total of \$35,000,000 for all health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers. For plan years beginning January 1, 2006 to December 31, 2006, the Board of Directors of Dirigo Health shall disregard the savings offset amount calculation set forth in Title 24-A, section

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REVISOR

6913, subsection 2. The savings offset payment established pursuant to this section must be paid in accordance with the schedule established in Title 24-A, section 6913, subsection 3, paragraph F. No later than 90 days after the effective date of this Act, all health insurance carriers shall file amended rate filings with the Superintendent of Insurance in accordance with this section. The savings offset payment set forth in this section applies retroactively to any savings offset payment that has been assessed and paid pursuant to Title 24-A, section 6913 for plan years beginning January 1, 2006. No later than 30 days following the effective date of this Act, Dirigo Health shall issue refunds of, or credits for, any amounts collected in excess of the limitations established in this section.

Sec. 7. Appropriations and allocations. The following appropriations and allocations are made.

PROFESSIONAL AND FINANCIAL REGULATION, DEPARTMENT OF

Bureau of Insurance 0092

Initiative: Allocates funds for the costs of implementing the 3rd-party administrator provisions of the Dirigo Health Program savings offset payment.

OTHER SPECIAL REVENUE FUNDS	2005-06	2006-07
All Other	\$0	\$50,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	\$50,000'

Further amend the bill by striking out the emergency clause.

Further amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment makes the following changes to the laws governing Dirigo Health.

1. It prohibits administrators from passing the costs of the savings offset payment to covered individuals. It gives the Superintendent of Insurance authority to provide relief to those administrators that demonstrate the funds available are inadequate.

2. It requires health insurance carriers and administrators to notify insureds of the savings attributable to the Dirigo Health Program and Public Law 2003, chapter 469.

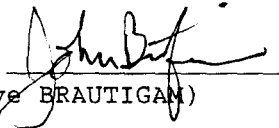
3. It clarifies that aggregate measurable cost savings are not limited to bad debt and charity care but rather include all cost savings initiatives contained in Public Law 2003, chapter 469 and further cost savings initiatives adopted and approved by the Board of Directors of Dirigo Health.

4. It establishes a fixed amount of \$35,000,000 as the savings offset payment for plan years beginning January 1, 2006 to December 31, 2006.

5. It also removes the emergency preamble and emergency clause.

6. It adds an appropriations and allocations section.

**FISCAL NOTE REQUIRED**  
(See attached)

SPONSORED BY:   
(Representative BRAUTIGAM)

TOWN: Falmouth



# 122nd MAINE LEGISLATURE

LD 1935

LR 2809(18)

## An Act To Protect Health Insurance Consumers

Fiscal Note for House Amendment "A"

Sponsor: Rep. Brautigam

Fiscal Note Required: Yes

### Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
<b>Appropriations/Allocations</b>				
Other Special Revenue Funds	\$0	\$50,000	\$50,000	\$50,000
<b>Revenue</b>				
Other Funds	\$0	(\$8,700,000)	\$0	\$0

### Fiscal Detail and Notes

By prohibiting third party administrators from passing on the savings offset payment (SOP), this amendment could result in saving to the State Employee Health Plan from the \$2.9 million budgeted to pay for the SOP for FY 2006-07. The General Fund share of these savings would be approximately \$1.2 million. The amendment provides for a review process that may still allow the third party administrator to pass on these costs.

Assumes the Bureau of Insurance in the Department of Professional and Financial Regulation will require an additional Other Special Revenue Funds allocation of \$50,000 for the additional costs related to the third party administrator provisions of this amendment. The allocation is needed for the costs of contracted external expertise the Bureau anticipates it will need.

Assumes the amendment's decrease in the 2006 savings offset payment (SOP) would reduce Dirigo Health program revenue by \$8,700,000 for fiscal year 2006-07. While the amendment does not specify offsets to this revenue reduction, the program has existing authority to keep program spending within available resources.