

MAINE STATE LEGISLATURE

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1911
R. of S.

L.D. 1935

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DATE: 5-23-06

(Filing No. S-676)

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STATE OF MAINE
SENATE
122ND LEGISLATURE
SECOND REGULAR SESSION

SENATE 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.

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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
8 but for the failure to provide it or who receives a notice
10 that fails to comply with the requirements of this
12 subsection.

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

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

30 '(1) A carrier must provide a notice to insured policy
32 holders and certificate holders in accordance with this
34 paragraph. Dirigo Health, established in chapter 87,
36 shall prepare and provide to each carrier a copy of the
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
40 amount of the aggregate measurable cost savings as
determined pursuant to section 6913, subsection 1.

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

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2 (c) A carrier who fails to provide the notice
4 required in this subparagraph is subject to a fine
6 of \$200 for each insured policy holder and
8 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 subparagraph.'

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

12 '(1) A carrier must provide a notice to insured policy
14 holders and certificate holders in accordance with this
16 subparagraph. Dirigo Health, established in chapter
18 87, shall prepare and provide to each carrier a copy of
 the notice. For calendar year 2006, the notice must be
 mailed no later than September 30, 2006.

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

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

32 (c) A carrier who fails to provide the notice
34 required in this subparagraph is subject to a fine
36 of \$200 for each insured policy holder and
38 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 subparagraph.'

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

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

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2008

SENATE 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

SENATE AMENDMENT

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.

2003

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2 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.

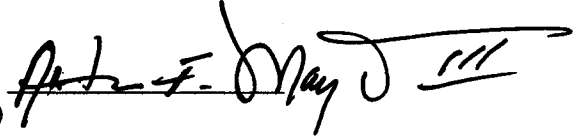
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6 3. It clarifies that aggregate measurable cost savings are
not limited to bad debt and charity care but rather include all
cost savings initiatives contained in Public Law 2003, chapter
8 469 and further cost savings initiatives adopted and approved by
the Board of Directors of Dirigo Health.

10
12 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.

14
16 5. It also removes the emergency preamble and emergency
clause.

18 6. It adds an appropriations and allocations section.

FISCAL NOTE REQUIRED
(See attached)

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22
24 SPONSORED BY: 
26 (Senator MAYO)

28 COUNTY: Sagadahoc

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SENATE AMENDMENT



122nd MAINE LEGISLATURE

LD 1935

LR 2809(20)

An Act To Protect Health Insurance Consumers

Fiscal Note for Senate Amendment "A"

Sponsor: Sen. Mayo

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Appropriations/Allocations				
Other Special Revenue Funds	\$0	\$50,000	\$50,000	\$50,000
Revenue				
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.