

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 1849

S.P. 664

April 10, 2007

An Act To Protect Consumers from Rising Health Care Costs

Reference to the Committee on Health and Human Services suggested and ordered printed.

A handwritten signature in black ink, reading 'Joy J. O'Brien'.

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator BARTLETT of Cumberland.

Cosponsored by Representative BRAUTIGAM of Falmouth and

Senators: BRANNIGAN of Cumberland, BROMLEY of Cumberland, BRYANT of Oxford, COURTNEY of York, President EDMONDS of Cumberland, MARTIN of Aroostook, MILLS of Somerset, NUTTING of Androscoggin, ROTUNDO of Androscoggin, SCHNEIDER of Penobscot, STRIMLING of Cumberland, SULLIVAN of York, Representatives: BARSTOW of Gorham, BERRY of Bowdoinham, BLISS of South Portland, BOLAND of Sanford, BRYANT of Windham, BURNS of Berwick, CONOVER of Oakland, CROCKETT of Augusta, Speaker CUMMINGS of Portland, DRISCOLL of Westbrook, EBERLE of South Portland, FISCHER of Presque Isle, HINCK of Portland, JACKSON of Allagash, MAKAS of Lewiston, MOORE of Standish, PATRICK of Rumford, PERRY of Calais, PRIEST of Brunswick, SIROIS of Turner, TREAT of Farmingdale, WALCOTT of Lewiston, WEDDELL of Frankfort.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **PART A**

3 **Sec. A-1. 22 MRSA Subtitle 7 is enacted to read:**

4 **SUBTITLE 7**

5 **REGULATION**

6 **CHAPTER 1701**

7 **MAINE HOSPITAL COST COMMISSION**

8 **SUBCHAPTER 1**

9 **GENERAL PROVISIONS**

10 **§14001. Findings and declaration of purpose**

11 **1. Findings.** The Legislature makes the following findings.

12 A. The cost of hospital care in Maine has been increasing much more rapidly than
13 the ability of its citizens to support these increases. This disparity is detrimental to
14 the public interest. It diminishes the accessibility of hospital services to the people of
15 the State and materially compromises their ability to address other equally
16 compelling needs.

17 B. The current system of financing hospital care is seriously deficient, has directly
18 contributed to the rapid rise in costs and is in need of reform in that:

19 (1) The current system of financing hospital care fails to ensure that hospitals
20 will charge those they serve no more than is needed to meet their reasonable
21 financial requirements;

22 (2) The current system of financing hospital care fails to ensure or reward
23 efficiency and restraint in hospital spending;

24 (3) The current system of financing hospital care is inequitable in that it permits
25 hospitals to respond to the legitimate cost containment efforts of the Federal
26 Government and the State by increasing their charges to other patients; and

27 (4) The current system of financing hospital care threatens the ability of some
28 Maine hospitals to generate sufficient revenues to meet their reasonable financial
29 requirements and, consequently, will inevitably have an adverse impact on the
30 accessibility and the quality of the care available to those whom they serve.

1 C. The informed development of public policy regarding hospital and other
2 necessary health services requires that the State regularly assemble and analyze
3 information pertaining to the use and cost of these services.

4 **2. Purposes.** The purposes of this chapter are as follows.

5 A. It is the intent of the Legislature to protect the public health and promote the
6 public interest by establishing a hospital financing system that:

7 (1) Appropriately limits the rate of increase in the cost of hospital care from year
8 to year;

9 (2) Protects the quality and the accessibility of the hospital care available to the
10 people of the State by ensuring the financial viability of an efficient and effective
11 state hospital system;

12 (3) Affords those who pay hospitals a greater role in determining their
13 reasonable financial requirements without unduly compromising the ability of
14 those who govern and manage hospitals to decide how the resources made
15 available to them are to be used;

16 (4) Encourages hospitals to make the most efficient use of the resources made
17 available to them in the provision of quality care to those whom they serve and
18 the training and continuing education of physicians and other health
19 professionals;

20 (5) Provides predictability in payment amounts for payors, providers and
21 patients; and

22 (6) Ensures greater equity among purchasers, classes of purchasers and payors.

23 **§14002. Maine Hospital Cost Commission**

24 **1. Establishment.** The Maine Hospital Cost Commission, referred to in this section
25 as "the commission," is established as an independent executive agency.

26 **2. Members.** The commission is composed of 5 members appointed by the
27 Governor and subject to review by the joint standing committee of the Legislature having
28 jurisdiction over health and human services matters and confirmation by the Legislature.

29 **3. Appointments.** Except as provided in this section, a member may not be:

30 A. A representative or employee of an insurance carrier authorized to do business in
31 this State;

32 B. A representative or employee of a health care provider operating in this State; or

33 C. Affiliated with a health or health-related organization regulated by State
34 Government.

35 A nonpracticing health care practitioner, retired or former health care administrator or
36 retired or former employee of a health insurance carrier is not prohibited from being
37 considered for board membership as long as that person is not affiliated with a health or
38 health-related organization at the time of consideration.

1 care and health care expenditures to improve the quality of care, stabilize rates charged to
2 payors and reduce the rate of increase in costs, including, but not limited to, the
3 regulatory system that existed under the former Maine Health Care Finance Commission.
4 As part of its recommendations, the commission shall develop proposed legislation
5 detailing the hospital regulation system to be implemented by the Maine Hospital Cost
6 Commission pursuant to the Maine Revised Statutes, Title 22, chapter 1701.

7 **Sec. B-6. Staff assistance.** The Legislative Council shall provide necessary
8 staffing services to the commission.

9 **Sec. B-7. Compensation.** The legislative members of the commission are entitled
10 to receive the legislative per diem, as defined in the Maine Revised Statutes, Title 3,
11 section 2, and reimbursement for travel and other necessary expenses related to their
12 attendance at authorized meetings of the commission. Public members not otherwise
13 compensated by their employers or other entities that they represent are entitled to receive
14 reimbursement of necessary expenses and, upon a demonstration of financial hardship, a
15 per diem equal to the legislative per diem for their attendance at authorized meetings of
16 the commission.

17 **Sec. B-8. Report.** No later than November 1, 2007, the commission shall submit a
18 report that includes its findings and recommendations, including suggested legislation, for
19 presentation to the Joint Standing Committee on Health and Human Services and the
20 Legislative Council. The commission is not authorized to introduce legislation.
21 Following receipt and review of the report, the Joint Standing Committee on Health and
22 Human Services may submit legislation to the Second Regular Session of the 123rd
23 Legislature.

24 **Sec. B-9. Extension.** If the commission requires a limited extension of time to
25 complete its study and make its report, it may apply to the Legislative Council, which
26 may grant an extension.

27 **Sec. B-10. Commission budget.** The chairs of the commission, with assistance
28 from the commission staff, shall administer the commission's budget. Within 10 days
29 after its first meeting, the commission shall present a work plan and proposed budget to
30 the Legislative Council for its approval. The commission may not incur expenses that
31 would result in the commission's exceeding its approved budget. Upon request from the
32 commission, the Executive Director of the Legislative Council shall promptly provide the
33 commission chairs and staff with a status report on the commission budget, expenditures
34 incurred and paid and available funds.

35 **SUMMARY**

36 Part A of this bill establishes, effective September 1, 2008, the Maine Hospital Cost
37 Commission, whose purpose is to appropriately limit the rate increase in the cost of
38 hospital care while protecting the quality and accessibility of care available to the people
39 of the State and without unduly compromising the ability of hospitals to decide how the
40 resources made available to them are to be used.

1 Part B of this bill establishes the Blue Ribbon Commission To Study the Regulation
2 of Health Care Expenditures and directs the commission to undertake a full scale study of
3 the health care system and recommend the most appropriate form of health care
4 regulation necessary to ensure the provision of quality care, the accessibility to care and
5 the affordability of care. As part of its recommendations, the commission is directed to
6 develop proposed legislation detailing the hospital regulation system to be implemented
7 by the Maine Hospital Cost Commission pursuant to the Maine Revised Statutes, Title
8 22, chapter 1701. The commission is directed to submit a report that includes its findings
9 and recommendations, including suggested legislation, for presentation to the Joint
10 Standing Committee on Health and Human Services no later than November 1, 2007.
11 Following receipt and review of the report, the Joint Standing Committee on Health and
12 Human Services may submit legislation to the Second Regular Session of the 123rd
13 Legislature.