

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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Legislative Document

No. 1894

H.P. 1326

House of Representatives, May 4, 2007

**An Act To Ensure Affordable Health Care for Maine Families  
through Shared Responsibilities**

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Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative BRAUTIGAM of Falmouth.

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

2 **CONCEPT DRAFT**  
3 **SUMMARY**

4 This bill is a concept draft pursuant to Joint Rule 208.

5 This bill proposes to significantly expand health care coverage on the principle of  
6 shared responsibility.

7 Under this bill, access to health care in Maine will continue to expand based on the 3-  
8 tiered approach established by Dirigo Health in 2003. At the foundation, MaineCare will  
9 cover the most needy families and individuals and will reduce the strain of  
10 uncompensated care on the private market. DirigoChoice will provide a sliding scale  
11 subsidy to cover those who do not qualify for MaineCare but who find standard insurance  
12 unaffordable. Distortions in the private insurance market will be corrected to reduce  
13 costs for consumers in the nongroup market.

14 The major components of the bill are:

15 **1. Employer contribution.** The bill requires that employers pay an assessment  
16 based on the employer's taxable payroll. Before making such payment, the employer may  
17 credit against the payment any sums paid by the employer toward employee nonpayroll  
18 benefits. Small employers, employers in financial hardship and employers in business for  
19 less than 2 years may be exempted from the employer contribution. The assessment must  
20 be used solely for the purpose of expanding access to health care through the Dirigo  
21 Health Program.

22 **2. Insurance carrier contribution.** The bill requires each insurance carrier to  
23 achieve a minimum loss ratio, to be specified in this bill, across all its products. This  
24 minimum loss ratio must be calculated at the end of each calendar year and must reflect  
25 the aggregate of all health insurance products sold in Maine by that carrier. Any  
26 insurance carrier that does not achieve the minimum loss ratio must be assessed an  
27 amount equal to 1/2 of the difference between the carrier's actual loss ratio and the  
28 minimum loss ratio. The carrier may not pass through any portion of the assessment to  
29 individual policyholders or providers. This assessment must be used to provide  
30 reinsurance to reduce premiums in the nongroup health insurance market and in the  
31 DirigoChoice product.

32 **3. Hospital contribution.** Under this bill, each hospital licensed to operate as a  
33 charity in the State must provide an amount of free charity care, to be determined in this  
34 bill. Any hospital that does not provide free care in the statutorily determined amount  
35 will be assessed an amount equal to the difference between the statutorily determined  
36 amount and the value of the free care actually provided by the hospital. The charity  
37 hospital may not pass this payment on to patients, providers or carriers. Any charity  
38 hospital in financial hardship may apply to the Department of Health and Human  
39 Services for a waiver of the assessment. A hospital is not in financial hardship if its most  
40 recent yearly operating margin exceeds a threshold to be determined in this bill, or if its

1 unrestricted financial assets exceed a percentage of its net operating revenue to be  
2 determined in this bill. The assessment will be used solely for the purposes of expanding  
3 access to health care through the Dirigo Health Program.

4 **4. Individual contribution.** The bill requires that persons earning above a  
5 statutorily determined income threshold ensure that they and their dependents are covered  
6 by a comprehensive health insurance policy by January 1, 2008, except that for a person  
7 under 30 years of age, a qualifying health insurance policy is any policy approved by the  
8 Department of Professional and Financial Regulation, Bureau of Insurance. A person  
9 who does not maintain a qualifying health insurance policy for at least 10 months during  
10 the year may not be credited with the standard individual exemption in that person's next  
11 Maine income tax filing. The Department of Administrative and Financial Services,  
12 Bureau of Revenue Services will transfer the value of any increased tax collections as a  
13 result of this provision to the Dirigo Health Program.

14 **5. Application of assessments.** The bill requires that funding from the employer,  
15 hospital and individual contribution sources be applied to achieve the goal of expanding  
16 access to health care by opening Dirigo Health up to 60,000 members by 2010.

17 **6. Cost containment.** The bill establishes a cost containment commission, which is  
18 charged with the responsibility and authority of achieving savings of 2% in the cost of  
19 health care in the State.

20 **7. Rulemaking.** The bill authorizes Dirigo Health, the Bureau of Insurance, the  
21 Bureau of Revenue Services or other authority established pursuant to this legislation to  
22 undertake rulemaking to enforce the provisions of this bill. The rules adopted pursuant to  
23 this authority are routine technical rules.