

# MAINE STATE LEGISLATURE

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minority

INSURANCE AND FINANCIAL SERVICES

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
124TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "B" to H.P. 883, L.D. 1264, Bill, "An Act To Stabilize Funding and Enable DirigoChoice To Reach More Uninsured"

Amend the bill in section 4 in §6917 by striking out all of subsection 1 (page 1, lines 19 to 37 in L.D.) and inserting the following:

1. Access payments required from health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers. All health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers shall pay an access payment as specified in paragraph A on all paid claims, except claims under accidental injury, specified disease, hospital indemnity, dental, vision, disability income, long-term care, Medicare supplement or other limited benefit health insurance.

The following provisions govern access payments.

A. The amount of the access payment is established as follows:

- (1) From September 1, 2009 to August 31, 2010, the access payment is 2.14%;
(2) From September 1, 2010 to August 31, 2011, the access payment is 1.605%;
(3) From September 1, 2011 to August 31, 2012, the access payment is 1.07%;
(4) From September 1, 2012 to August 31, 2013, the access payment is 0.535%;
and
(5) Beginning September 1, 2013, a health insurance carrier, 3rd-party administrator and employee benefit excess insurance carrier is not required to pay an access payment.

A health insurance carrier or employee benefit excess insurance carrier may not be required to pay an access payment on policies or contracts insuring federal employees.

B. Access payments apply to claims paid beginning on or after September 1, 2009.

COMMITTEE AMENDMENT

1 C. Access payments must be made monthly to Dirigo Health, are due 30 days after  
2 the end of each month and must accrue interest at 12% per annum on or after the due  
3 date, except that access payments for 3rd-party administrators for groups of 500 or  
4 fewer members may be made annually not less than 60 days after the close of the  
5 plan year.

6 D. Access payments received by Dirigo Health must be pooled with other revenues  
7 of the agency in the Dirigo Health Enterprise Fund established in section 6915.'

8 Amend the bill by striking out all of section 6 and inserting the following:

9 **'Sec. 6. Changes to Dirigo Health.** The Board of Trustees of Dirigo Health, or  
10 "the board," shall:

11 **1. Develop products, procedures.** Develop more affordable products and  
12 procedures that can reach uninsured and underinsured residents of the State to reduce  
13 uncompensated care;

14 **2. Maximize federal initiatives.** Seek to secure federal funding to support the  
15 Dirigo Health Program and the Maine Individual Reinsurance Association established in  
16 the Maine Revised Statutes, Title 24-A, chapter 54 and use subsidies to maximize federal  
17 initiatives, including Medicaid and any national health reform;

18 **3. Asset tests.** Establish an asset test for determining eligibility;

19 **4. Voucher program.** Consider offering a voucher-based program to provide health  
20 insurance benefits; and

21 **5. Redesign.** Redesign the DirigoChoice product or products, including adding a  
22 requirement that requires any new enrollees to be uninsured before enrolling in  
23 DirigoChoice.

24 The board shall report to the Joint Standing Committee on Insurance and Financial  
25 Services regarding changes that will be made to the Dirigo Health Program consistent  
26 with this section by January 1, 2010.'

27 Amend the bill by inserting after section 7 the following:

28 **'Sec. 8. Legislative commitment to funding.** Notwithstanding the reduction in  
29 the amount of the access payment pursuant to the Maine Revised Statutes, Title 24-A,  
30 section 6917, subsection 1, paragraph A beginning September 1, 2010, it is the intent of  
31 the Legislature that funding for Dirigo Health be provided through the General Fund as  
32 necessary to, at a minimum, maintain enrollment in Dirigo Health at the same level as  
33 enrollment on the effective date of this Act.

34 **Sec. 9. Appropriations and allocations.** The following appropriations and  
35 allocations are made.

36 **DIRIGO HEALTH**

37 **Dirigo Health Fund 0988**

38 Initiative: Adjusts funding to reflect the impact of replacing the savings offset payment  
39 with a new access payment to be paid by health insurance carriers, 3rd-party

1 administrators and employee benefit excess insurance carriers of 2.14% on paid claims  
2 beginning September 1, 2009 and decreasing by 25% each year thereafter.

3	<b>GENERAL FUND</b>	<b>2009-10</b>	<b>2010-11</b>
4	All Other	\$0	\$8,370,833
5			
6	<b>GENERAL FUND TOTAL</b>	<u>\$0</u>	<u>\$8,370,833</u>

7	<b>DIRIGO HEALTH FUND</b>	<b>2009-10</b>	<b>2010-11</b>
8	All Other	\$0	(\$8,370,833)
9			
10	<b>DIRIGO HEALTH FUND TOTAL</b>	<u>\$0</u>	<u>(\$8,370,833)</u>

11 **Sec. 10. Effective date.** This Act takes effect October 1, 2009.

12 **SUMMARY**

13 This amendment is the minority report of the committee. After the first year the  
14 access payment is implemented, it is reduced by 25% the 2nd year, 50% the 3rd year,  
15 75% the 4th year and then eliminated. In addition to the duties included in the bill, the  
16 amendment directs the Board of Trustees of Dirigo Health to establish an asset test for  
17 eligibility, to require any new enrollees after the redesign of the DirigoChoice product to  
18 be uninsured before enrolling and to seek adequate federal funding to support the Dirigo  
19 Health Program and the Maine Individual Reinsurance Association.

20 The amendment expresses the Legislature's intent that the funding provided to Dirigo  
21 Health pursuant to the Maine Revised Statutes, Title 24-A, section 6917 be supplemented  
22 by the General Fund to maintain enrollment at the same level as on the effective date of  
23 the bill. The amendment also establishes an effective date of October 1, 2009. The  
24 amendment also adds an appropriations and allocations section.

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



## 124th MAINE LEGISLATURE

LD 1264

LR 1932(03)

## An Act To Stabilize Funding and Enable DirigoChoice To Reach More Uninsured

Fiscal Note for Bill as Amended by Committee Amendment "B"  
 Committee: Insurance and Financial Services  
 Fiscal Note Required: Yes

## Fiscal Note

	2009-10	2010-11	Projections 2011-12	Projections 2012-13
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$8,370,833	\$19,295,833	\$29,820,833
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$8,370,833	\$19,295,833	\$29,820,833
Dirigo Health Fund	\$0	(\$8,370,833)	(\$19,295,833)	(\$29,820,833)
<b>Revenue</b>				
Dirigo Health Fund	\$2,033,333	(\$8,370,833)	(\$19,295,833)	(\$29,820,833)

## Fiscal Detail and Notes

Provides an appropriation of \$8,370,833 in 2010-11 to the Dirigo Health Agency to offset the difference between budgeted Dirigo Savings Offset Payment (SOP) revenue and estimated access payment revenue. The replacement of the current Dirigo SOP with a 2.14% access payment on claims paid by health insurance carriers, 3rd party administrators and employee benefit excess insurance carriers beginning September 1, 2009, decreasing by 25% each year thereafter, is projected to result in a net increase of Dirigo Health Fund revenue of \$2,033,333 in 2009-10 but decrease net revenue thereafter. This decrease will be made up by General Fund appropriations to the Dirigo Health program.

This estimate is based on a comparison of 2010-2011 budgeted SOP revenue calculated on an accrual basis with estimated access payments calculated on a one month accrual basis (i.e., for 2009-10, 10 months of payments are assumed to be collected). It is assumed that other changes to the Dirigo program detailed in the bill will be implemented within existing budgeted resources.

	2009-10	2010-11	Projections 2011-12	Projections 2012-13
<b>Dirigo Revenue Impact Summary</b>				
Budgeted SOP Revenue	\$38,600,000	\$41,700,000	\$42,100,000	\$42,100,000
SOP Collections Prior to Repeal	\$5,550,000	\$0	\$0	\$0
Impact of SOP repeal	-\$33,050,000	-\$41,700,000	-\$42,100,000	-\$42,100,000
Access Payments	\$35,083,333	\$33,329,167	\$22,804,167	\$12,279,167
Net Change In Dirigo Revenue	\$2,033,333	-\$8,370,833	-\$19,295,833	-\$29,820,833