

MAINE STATE LEGISLATURE

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124th MAINE LEGISLATURE

SECOND REGULAR SESSION-2010

Legislative Document

No. 1819

S.P. 735

In Senate, March 16, 2010

**An Act To Implement the Recommendations of the Advisory
Council on Health Systems Development Relating to Payment
Reform**

Reported by Senator BOWMAN of York for the Joint Standing Committee on Insurance and Financial Services pursuant to Public Law 2009, chapter 350, Part A, section 3.

Reference to the Committee on Insurance and Financial Services suggested and ordered printed pursuant to Joint Rule 218.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

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

2 **Sec. 1. 2 MRSA §104, sub-§7, ¶F**, as enacted by PL 2007, c. 441, §1, is
3 amended to read:

4 F. Identifying specific potential reductions in total health care spending without
5 shifting costs onto consumers and without reducing access to needed items and
6 services for all persons, regardless of individual ability to pay. In identifying specific
7 potential reductions pursuant to this paragraph, the council shall recommend methods
8 to reduce the rate of increase in overall health care spending and the rate of increase
9 in health care costs to a level that is equivalent to the rate of increase in the cost of
10 living to make health care and health coverage more affordable for people in this
11 State; ~~and~~

12 **Sec. 2. 2 MRSA §104, sub-§7, ¶G**, as enacted by PL 2007, c. 441, §1, is
13 amended to read:

14 G. Beginning March 1, 2008 and annually thereafter, ~~make~~ making specific
15 recommendations relating to paragraphs A to F and to paragraph H to the joint
16 standing committee of the Legislature having jurisdiction over insurance and
17 financial services matters and the joint standing committee of the Legislature having
18 jurisdiction over health and human services matters and to any appropriate state
19 agency; ~~and~~

20 **Sec. 3. 2 MRSA §104, sub-§7, ¶H** is enacted to read:

21 H. Reviewing and evaluating strategies for payment reform in the State's health care
22 system to assess whether proposed payment reform efforts follow the guiding
23 principles developed by the council and identifying any statutory or regulatory barriers
24 to implementation of payment reform.

25 **Sec. 4. 22 MRSA §1843, sub-§1**, as enacted by PL 2005, c. 670, §1 and affected
26 by §4, is amended to read:

27 **1. Cooperative agreement.** "Cooperative agreement" means an agreement that
28 names the parties to the agreement and describes the nature and scope of the cooperation
29 for:

30 A. The sharing, allocation or referral of patients, personnel, instructional programs,
31 medical or mental health services, support services or facilities or medical, diagnostic
32 or laboratory facilities, procedures or other services traditionally offered by hospitals
33 or health care providers;

34 B. The coordinated negotiation and contracting with payors or employers; or

35 C. The merger of 2 or more hospitals ~~or 2 or more health care providers~~ covered
36 entities.

37 A cooperative agreement under this chapter is an agreement between involving 2 or more
38 hospitals ~~or an agreement between 2 or more health care providers~~ covered entities. An

1 ~~agreement between one or more hospitals and one or more health care providers is not a~~
2 ~~cooperative agreement for the purposes of this chapter.~~

3 **Sec. 5. 22 MRSA §1843, sub-§5**, as enacted by PL 2005, c. 670, §1 and affected
4 by §4, is amended to read:

5 **5. Merger.** "Merger" means a transaction by which ownership or control over
6 substantially all of the stock, assets or activities of one or more covered entities is placed
7 under the control of another covered entity. ~~A merger between one or more hospitals and~~
8 ~~one or more health care providers is not a merger for the purposes of this chapter.~~

9 **Sec. 6. Advisory Council on Health Systems Development; payment**
10 **reform.** The Advisory Council on Health Systems Development, referred to in this
11 section as "the council," shall work collaboratively with sponsors of payment reform
12 models and other stakeholders to advance payment reform efforts in the State. The
13 council shall:

- 14 1. Consider emerging research and its implications for payment reform in the State;
- 15 2. Assess the merits of proposed payment reform models against the guiding
16 principles developed by the council;
- 17 3. Develop an approach for building consumer awareness of payment reform models;
- 18 4. Identify any statutory and regulatory changes needed to advance models for
19 payment reform; and
- 20 5. Design a 3-year demonstration project to advance payment reform models.

21 The council shall consult with the Attorney General and the Department of
22 Professional and Financial Regulation, Bureau of Insurance for technical expertise as
23 necessary concerning payment reform. The council shall submit a report that includes its
24 findings and recommendations, including suggested legislation, for presentation to the
25 joint standing committee of the Legislature having jurisdiction over health and human
26 services matters and the joint standing committee of the Legislature having jurisdiction
27 over insurance and financial services matters no later than January 15, 2011. After
28 receipt and review of the report, the joint standing committee of the Legislature having
29 jurisdiction over health and human services matters or the joint standing committee of the
30 Legislature having jurisdiction over insurance and financial services matters may
31 introduce a bill related to the subject matter of the report to the First Regular Session of
32 the 125th Legislature.

33 SUMMARY

34 This bill is submitted by the Joint Standing Committee on Insurance and Financial
35 Services and implements the recommendations made by the Advisory Council on Health
36 Systems Development related to payment reform. The bill requires the Advisory Council
37 on Health Systems Development to review and evaluate payment reform models and
38 requires the council to report to the joint standing committee of the Legislature having

1 jurisdiction over health and human services matters and the joint standing committee of
2 the Legislature having jurisdiction over insurance and financial services matters no later
3 than January 15, 2011. The bill also clarifies the intent of the Hospital and Health Care
4 Provider Cooperation Act to apply to mergers of covered entities, which are defined as
5 hospitals or health care providers.