

# MAINE STATE LEGISLATURE

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1 SMC  
2 ROFS

Date: 5/31/11

L.D. 540  
(Filing No. H-428)

3 INSURANCE AND FINANCIAL SERVICES

4 Reproduced and distributed under the direction of the Clerk of the House.

5 STATE OF MAINE  
6 HOUSE OF REPRESENTATIVES  
7 125TH LEGISLATURE  
8 FIRST REGULAR SESSION

9 COMMITTEE AMENDMENT "A" to H.P. 423, L.D. 540, Bill, "An Act To  
10 Implement the Insurance Payment Reform Recommendations of the Advisory Council on  
11 Health Systems Development"

12 Amend the bill by striking out all of sections 1 to 4.

13 Amend the bill by striking out all of section 6 (page 2, lines 3 to 36 in L.D.) and  
14 inserting the following:

15 'Sec. 6. 24-A MRS §4320 is enacted to read:

16 **§4320. Payment reform pilot projects**

17 1. Pilot projects. Beginning March 1, 2012, the superintendent may authorize pilot  
18 projects in accordance with this subsection that allow a health insurance carrier that offers  
19 health plans in this State to implement payment reform strategies with providers through  
20 an accountable care organization to reduce costs and improve the quality of patient care.  
21 For purposes of this section, "accountable care organization" means a group of health  
22 care providers operating under a payment agreement to provide health care services to a  
23 defined set of individuals with established benchmarks for the quality and cost of those  
24 health care services consistent with federal law and regulation.

25 A. The superintendent may approve a pilot project between a carrier and an  
26 accountable care organization that utilizes payment methodologies and purchasing  
27 strategies, including, but not limited to: alternatives to fee-for-service models, such as  
28 blended capitation rates, episodes-of-care payments, medical home models and global  
29 budgets; pay-for-performance programs; tiering of providers; and evidence-based  
30 purchasing strategies.

31 B. Prior to approving a pilot project, the superintendent shall consider whether the  
32 proposed pilot project is consistent with the principles for payment reform developed  
33 by the Advisory Council on Health Systems Development established under former  
34 Title 2, section 104.

**COMMITTEE AMENDMENT**

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**2. Rulemaking.** The superintendent shall establish by rule procedures and policies that facilitate the implementation of a pilot project pursuant to this section, including, but not limited to, a process for a health insurance carrier's submitting a pilot project proposal and minimum requirements for approval of a pilot project. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A and must be adopted no later than December 1, 2011.

**3. Report.** Beginning in 2013, the superintendent shall report by March 1st annually to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters on the status of any pilot project approved by the superintendent pursuant to this section. The report must include an analysis of the cost and benefits of any approved pilot project in reducing health care costs, including any impact on premiums, and in improving the quality of care.

**4. Evaluation.** During the First Regular Session of the 129th Legislature, the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters shall conduct an evaluation of the effectiveness of any pilot project approved by the superintendent pursuant to this section and make a determination whether to continue, amend or repeal the authorization for the pilot project. The joint standing committee of the Legislature having jurisdiction over insurance and financial services matters may report out a bill based on the evaluation to the First Regular Session of the 129th Legislature.

**5. Construction.** This section may not be construed to restrict or limit the right of a carrier to engage in activities expressly permitted by this Title or to require a carrier to obtain prior approval as a pilot project to engage in those activities.'

Amend the bill by inserting after section 7 the following:

**'Sec. 8. Superintendent of Insurance to submit rules.** The Superintendent of Insurance shall submit copies of the rules adopted pursuant to the Maine Revised Statutes, Title 24-A, section 4320, subsection 2 to the Joint Standing Committee on Insurance and Financial Services no later than December 1, 2011.'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

**SUMMARY**

This amendment does the following.

1. It requires the rule-making process to be completed by December 1, 2011 and that copies of the adopted rule be submitted to the Joint Standing Committee on Insurance and Financial Services.

2. It delays the authority to approve any pilot project from January 1, 2012 to March 1, 2012.

3. It narrows the scope of permissible pilot projects to projects between a health insurance carrier and an accountable care organization formed by providers.

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COMMITTEE AMENDMENT "A" to H.P. 423, L.D. 540

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4. It requires that the Department of Professional and Financial Regulation, Bureau of Insurance conduct an analysis of the costs and benefits of any approved pilot project and report those findings to the Legislature.

5. It clarifies that the pilot project provision may not be construed to require carriers to obtain prior approval from the Bureau of Insurance to engage in activities already expressly permitted.

6. It removes provisions in the bill related to the Advisory Council on Health Systems Development, which was repealed by Public Law 2011, chapter 90.

**FISCAL NOTE REQUIRED**  
(See attached)

**COMMITTEE AMENDMENT**

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Revised: 05/24/11 *MAC*

# 125th MAINE LEGISLATURE

LD 540

LR 704(02)

## An Act To Implement the Insurance Payment Reform Recommendations of the Advisory Council on Health Systems Development

Fiscal Note for Bill as Amended by Committee Amendment "A"

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

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### Fiscal Note

Minor cost increase - Other Special Revenue Funds

#### Fiscal Detail and Notes

Additional costs to the Bureau of Insurance in the Department of Professional and Financial Regulation and to the Department of Health and Human Services are expected to be minor and can be absorbed utilizing existing budgeted resources.