L.D. 1397

Date: 5/31/11 Minority (Filing No. H-431)

INSURANCE AND FINANCIAL SERVICES

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

STATE OF MAINE

HOUSE OF REPRESENTATIVES

125TH LEGISLATURE

FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1026, L.D. 1397, Bill, "An Act To Establish a Single-payor Health Care System To Be Effective in 2017"

Amend the bill by striking out the title and substituting the following:

'Resolve, To Study the Design and Implementation of a Single-payor Health Care Plan That Is in Compliance with the Federal Patient Protection and Affordable Care Act'

Amend the bill by striking out everything after the title and before the summary and inserting the following:

'**Sec. 1. Maine Single-payor Health Care Plan Advisory Committee established. Resolved:** That the Maine Single-payor Health Care Plan Advisory Committee, referred to in this section as "the committee," is established to advise the Legislature on the design and implementation of a single-payor health care plan in the State that is in compliance with the federal Patient Protection and Affordable Care Act; and be it further

Sec. 2. Committee membership. Resolved: That the committee consists of 13 members appointed as follows:

1. Seven members must be Legislators. Three of those members must be appointed by the President of the Senate, representing the 2 political parties having the largest number of members in the Senate, and 4 members must be appointed by the Speaker of the House of Representatives, representing the 2 political parties having the largest number of members in the House; and

2. Six members must be representatives of the public. Three of those members must be appointed by the President of the Senate, and 3 of those members must be appointed by the Speaker of the House of Representatives. The public members must represent statewide organizations from the following groups: consumers, uninsured persons, providers of maternal and child health services, Medicaid recipients, persons with disabilities, persons who are elderly, organized labor, allopathic and osteopathic physicians, nurses and allied health care professionals, organized delivery systems,

hospitals, community health centers, the family planning system and the business community, including a representative of small business; and be it further

Sec. 3. Chairs. Resolved: That the first-named Senate member is the Senate chair and the first-named House of Representatives member is the House chair of the committee; and be it further

Sec. 4. Appointments; convening of committee. Resolved: That all appointments must be made no later than 30 days following the effective date of this resolve. The appointing authorities shall notify the Executive Director of the Legislative Council once all appointments have been completed. After appointment of all members, the chairs shall call and convene the first meeting. If 30 days or more after the effective date of this resolve a majority of but not all appointments have been made, the chairs may request authority and the Legislative Council may grant authority for the Committee to meet and conduct its business. The first meeting must be held within 45 days of the effective date of this resolve; and be it further

Sec. 5. Duties. Resolved: That the committee shall solicit the services of one or more outside consultants to work with the committee to propose by December 7, 2011 a design option, including an implementation plan, for creating a single system of health care that ensures all residents of the State have access to and coverage for affordable, high-quality health services through a public-private single-payor system that meets the principles and goals outlined in this section. By November 1, 2011, the consultant shall release a draft of the design option to the public and provide 15 days for public review and the submission of comments on the design options. The consultant shall review and consider the public comments and revise the draft design option as necessary prior to the final submission to the committee. The proposal must contain the analysis and recommendations as provided for in this section.

1. The proposal must include a design for a government-administered and publicly financed single-payor health benefits system that is decoupled from employment, that prohibits insurance coverage for the health services provided by the system and that allows for private insurance coverage only of supplemental health services.

2. In creating the designs, the consultant shall review and consider the following fundamental elements:

A. The findings and reports from previous studies of health care reform in the State, including the December 2002 document titled "Feasibility Study of a Single-Payer Health Plan Model for the State of Maine" produced by Mathematica Policy Research, Inc., and studies and reports provided to the committee;

B. Existing health care systems or components thereof in other states or countries as models;

C. The State's current health care reform efforts; and

D. The federal Patient Protection and Affordable Care Act, as amended by the federal Health Care and Education Reconciliation Act of 2010; the federal Employee Retirement Income Security Act of 1974; and the Medicare program, the Medicaid program and the State Children's Health Insurance Program under Titles XVIII, XIX and XXI, respectively, of the federal Social Security Act.

3. The design option must maximize the federal funds to support the system and be composed of the following components as described in this subsection:

A. A payment system for health services that includes one or more packages of health services providing for the integration of physical and mental health services; budgets, payment methods and a process for determining payment amounts; and cost-reduction and cost-containment mechanisms;

B. Coordinated regional delivery systems;

C. Health system planning, regulation and public health;

D. Financing and estimated costs, including federal financings; and

E. A method to address compliance of the proposed design option or options with federal law.

4. The design option must include the following components:

A. A payment system for health services;

B. A benefit package or packages of health services providing for the integration of physical and mental health, including access to and coverage for primary care, preventive care, chronic care, acute episodic care, palliative care, hospice care, hospital services, prescription drugs and mental health and substance abuse services;

C. A method for administering payment for health services, which may include administration by a government agency, under an open bidding process soliciting bids from insurance carriers or 3rd-party administrators, through private insurers, or from a combination thereof;

D. Enrollment processes;

E. Integration of pharmacy best practices and cost control programs and other mechanisms to promote evidence-based prescribing, clinical efficacy and cost containment, such as a single statewide preferred drug list, prescriber education or utilization reviews;

F. Appeals processes for decisions made by entities or agencies administering coverage for health services;

G. A recommendation for budgets, payment methods and a process for determining payment amounts. Payment methods for mental health services must be consistent with mental health parity. The design option must consider:

(1) Recommending a global health care budget when it is appropriate to ensure cost containment by a health care facility, a health care provider, a group of health care professionals or a combination thereof. Any recommendation must include a process for developing a global health care budget, including circumstances under which an entity may seek an amendment of its budget;

(2) Payment methods to be used for each health care sector that are aligned with the goals of this section and provide for cost containment, provision of high-quality, evidence-based health services in a coordinated setting, patient self-management and healthy lifestyles; and

ROF 3

(3) What process or processes are appropriate for determining payment amounts with the intent to ensure reasonable payments to health care professionals and providers and to eliminate the shift of costs between the payors of health services by ensuring that the amount paid to health care professionals and providers is sufficient. Payment amounts must be sufficient to provide reasonable access to health services, provide sufficient uniform payments to health care professionals and assist in creating financial stability for health care professionals. Payment amounts for mental health services must be consistent with mental health parity;

H. Cost-reduction and cost-containment mechanisms;

I. A coordinated regional health system that ensures that the delivery of health services to the citizens of the State is coordinated in order to improve health outcomes, improve the efficiency of the health system and improve patients' experiences of health services; and

J. Health system planning and regulation and public health.

5. The design option must consider financing and estimated costs, including federal financing. The design option must provide:

A. An estimate of the total costs of the design option, including any additional costs for providing access to and coverage for health services to the uninsured and underinsured, any estimated costs necessary to build a new system and any estimated savings from implementing a single system;

B. Financing proposals for sustainable revenue, including by maximizing federal revenues, or reductions from existing health care programs, services, state agencies or other sources necessary for funding the cost of the new system;

C. A proposal to the federal Centers for Medicare and Medicaid Services to waive provisions of Titles XVIII, XIX and XXI of the federal Social Security Act if necessary to align the federal programs with the proposals contained within the design option in order to maximize federal funds or to promote the simplification of administration, cost containment or promotion of health care reform initiatives; and

D. A proposal to participate in a federal insurance exchange established by the federal Patient Protection and Affordable Care Act, as amended by the federal Health Care and Education Reconciliation Act of 2010 in order to maximize federal funds and, if applicable, a waiver from these provisions when available.

6. The proposal must include a method to address compliance of the proposed design option with federal law if necessary, including the federal Patient Protection and Affordable Care Act, as amended by the federal Health Care and Education Reconciliation Act of 2010; the Employee Retirement Income Security Act of 1974, referred to in this subsection as "ERISA"; and Titles XVIII, XIX and XXI of the federal Social Security Act. In the case of ERISA, the consultant may propose a strategy to seek an ERISA exemption from the United States Congress if necessary for the design option.

7. The proposal must include an analysis of:

A. The impact of the design option on the State's current private and public insurance system;

B. The expected net fiscal impact, including tax implications, on individuals and on businesses from the modifications to the health care system proposed in the design;

C. The impact of the design option on the State's economy;

D. The benefits and drawbacks of alternative timing for the implementation of the design, including the sequence and rationale for the phasing in of the major components; and

E. The benefits and drawbacks of the design option and of not changing the current system; and be it further

Sec. 6. Staff assistance. Resolved: That, subject to available funding, the committee shall propose to the Legislative Council a recommendation to obtain the services of one or more outside consultants who have demonstrated experience in designing health care systems that have expanded coverage and contained costs to provide the committee the expertise necessary to perform the analysis and propose the design option required by this resolve. Upon request, the Department of Health and Human Services and the Department of Professional and Financial Regulation, Bureau of Insurance shall provide staffing assistance to the committee to ensure the committee and its consultant or consultants have the information necessary to create the design option. The Legislative Council shall also provide necessary staffing services to the committee; and be it further

Sec. 7. Report. Resolved: That, no later than December 7, 2011, the committee shall submit a report that includes its findings and recommendations, including suggested legislation, to the Joint Standing Committee on Insurance and Financial Services. The Joint Standing Committee on Insurance and Financial Services may report out a bill based on the committee's report to the Second Regular Session of the 125th Legislature; and be it further

Sec. 8. Outside funding. Resolved: That the committee shall determine the funding amount necessary and request approval from the Legislative Council to seek funding contributions to fully fund the costs of the study. All funding is subject to approval by the Legislative Council in accordance with its policies. If sufficient contributions to fund the study have not been received within 30 days after the effective date of this resolve, no meetings are authorized and no expenses of any kind may be incurred or reimbursed; and be it further

Sec. 9. Appropriations and allocations. Resolved: That the following appropriations and allocations are made.

LEGISLATURE

Study Commissions - Funding 0444

Initiative: Provides an allocation to authorize the expenditure of any outside funding received to fund the costs of an advisory committee and consultants to study the design and implementation of a single-payor health care plan.

ROFS

OTHER SPECIAL REVENUE FUNDS	2011-12	2012-13
Personal Services	$1,540	$0
All Other	$63,350	$0
OTHER SPECIAL REVENUE FUNDS TOTAL	$64,890	$0

SUMMARY

This amendment is the minority report. The amendment replaces the bill and changes it into a resolve. The amendment establishes the Maine Single-payor Health Care Plan Advisory Committee to advise the Legislature on the design and implementation of a single-payor health care plan in the State that is in compliance with the federal Patient Protection and Affordable Care Act.

FISCAL NOTE REQUIRED

(See attached)

Approved: 05/24/11 mac

125th MAINE LEGISLATURE

LD 1397 **LR 25(02)**

ROFS

An Act To Establish a Single-payor Health Care System To Be Effective in 2017

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

Fiscal Note

Legislative Cost/Study

	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
Appropriations/Allocations				
Other Special Revenue Funds	$64,890	$0	$0	$0

Fiscal Detail and Notes

An allocation of Other Special Revenue Funds totaling $64,890 in fiscal year 2011-12 to the Legislature is included to authorize the expenditure of any outside funding received to fund the cost of the Maine Single-payor Health Care Plan Advisory Committee and the costs of consultants. This study and related costs are contingent on the receipt of outside funding sufficient to fund the costs of the study. If sufficient funding is received, the Legislature will be able to absorb the costs associated with staffing the advisory committee during the interim between legislative sessions.

The Department of Health and Human Services and the Department of Professional and Financial Regulation, Bureau of Insurance will also be able to absorb the costs associated with providing asistance and information to the advisory committee and its consultants.