

# MAINE STATE LEGISLATURE

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# 126th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2013

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Legislative Document

No. 1453

S.P. 537

In Senate, April 25, 2013

### **An Act To Increase the Transparency of Charges and Expenses of Hospitals That Receive State Funding**

(AFTER DEADLINE)

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

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

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator GRATWICK of Penobscot.  
Cosponsored by Representative CHAPMAN of Brooksville and  
Senators: CRAVEN of Androscoggin, JOHNSON of Lincoln, LACHOWICZ of Kennebec,  
LANGLEY of Hancock, SAVIELLO of Franklin, WHITTEMORE of Somerset,  
WOODBURY of Cumberland, Representative: JORGENSEN of Portland.

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

2 **PART A**

3 **Sec. A-1. 22 MRSA §8712, sub-§5** is enacted to read:

4 **5. Hospital financial data; transparency.** The organization shall promote public  
5 transparency of hospital financial data and shall collect, synthesize, analyze and publish  
6 this data and reports by January 1, 2014 and annually thereafter in a format that is easily  
7 understood by the average consumer and in a format that allows consumers to compare  
8 hospital pricing so they can make informed choices in obtaining health care. The  
9 organization shall contract with an independent entity with no financial interest in or  
10 affiliation with any hospital in this State or any insurance carrier to analyze the financial  
11 data of hospitals reported to the organization pursuant to this chapter and to prepare the  
12 reports and analysis required by this subsection.

13 **Sec. A-2. 24-A MRSA §2736, sub-§5** is enacted to read:

14 **5. Additional information.** For filings made on or after January 1, 2014, when  
15 determining whether a filing meets the requirements that rates not be excessive,  
16 inadequate or unfairly discriminatory, the superintendent shall consider information and  
17 reports related to hospital finances published by the Maine Health Data Organization  
18 pursuant to Title 22, section 8712, subsection 5.

19 **PART B**

20 **Sec. B-1. Commission established.** Notwithstanding Joint Rule 353, the  
21 Commission to Study Transparency, Costs and Accountability of Health Care System  
22 Financing, referred to in this Part as "the commission," is established.

23 **1. Membership.** The commission consists of 11 members appointed as follows.  
24 The membership of the commission must reflect the geographic diversity of the State.  
25 The President of the Senate shall appoint the chair from among the membership.  
26 Members serve as volunteers and without compensation or reimbursement for expenses.  
27 The membership consists of the following persons:

28 A. 5 members appointed by the President of the Senate as follows:

- 29 1. One person representing community hospitals chosen from a list submitted by  
30 a statewide association representing hospitals;
- 31 2. One person representing physicians chosen from lists submitted by statewide  
32 associations representing allopathic and osteopathic physicians;
- 33 3. One person who has expertise in public health issues and who is not affiliated  
34 with a hospital or a practicing physician;
- 35 4. One person representing insurers or other 3rd-party payors of health care  
36 services; and

1                   5. One person who is a health law attorney or who has expertise in health  
2                   analytics;

3                   B. Five members appointed by the Speaker of the House as follows:

4                   1. One person who is knowledgeable about hospital finances who is not currently  
5                   associated with a hospital;

6                   2. One person representing physicians in current clinical practice chosen from  
7                   lists submitted by statewide associations representing allopathic and osteopathic  
8                   physicians;

9                   3. One person representing consumers of health care services;

10                  4. One person representing self-insured employers; and

11                  5. One economist familiar with econometric modeling of health care systems and  
12                  the analysis and forecasting of health care costs; and

13                  C. The Commissioner of Health and Human Services, or the commissioner's  
14                  designee, ex officio.

15                  **2. Appointments; convening.** All appointments must be made no later than 30 days  
16                  following the effective date of this section. The appointing authorities shall notify the  
17                  Executive Director of the Legislative Council once all appointments have been  
18                  completed. When the appointment of all members has been completed, the chair shall  
19                  call and convene the first meeting of the commission. If 30 days or more after the  
20                  effective date of this section a majority of but not all appointments have been made, the  
21                  chair may request authority and the Legislative Council may grant authority for the  
22                  commission to meet and conduct its business.

23                  **3. Duties.** The commission shall:

24                  A. Review and evaluate the current data reported by hospitals and other health care  
25                  facilities in the State pursuant to state and federal law relating to charges, costs of  
26                  providing services, revenue and other financial data and make recommendations for  
27                  standardizing financial reporting to enhance transparency to the public of health care  
28                  costs, including the standardized accounting template used by the Maine Health Data  
29                  Organization in accordance with the Maine Revised Statutes, Title 22, section 8709,  
30                  subsection 1-A, and make recommendations for changes and modifications to the  
31                  template so that hospitals and other health care facilities publicly report charges,  
32                  negotiated rates for public and private payors, advertising fees, lobbying expenses,  
33                  administrative costs and other expenses in a transparent manner;

34                  B. Review and evaluate methods to reduce health care costs and the rate of increase  
35                  in overall health care spending, including, but not limited to, the development of  
36                  global budgets, accountable care organizations and other potential cost containment  
37                  mechanisms, and make recommendations relating to these methods;

38                  C. Hold at least 3 public hearings to collect information from individuals, hospitals,  
39                  health care providers, insurers, 3rd-party payors, government-sponsored health care  
40                  programs and interested organizations;

1 D. Consult with experts in the fields of health care and hospitals and public policy;  
2 and

3 E. Examine any other issues to further the purposes of the study.

4 **4. Staff assistance.** The Legislative Council shall provide staffing services to the  
5 commission except that the Legislative Council staff support is not authorized when the  
6 Legislature is in regular or special session. The commission may invite the Department  
7 of Health and Human Services, the Maine Health Data Organization, the Department of  
8 Professional and Financial Regulation, Bureau of Insurance and other agencies of State  
9 Government to provide additional staff support or assistance to the commission. In  
10 addition, the commission may contract for administrative, professional and clerical  
11 services if funding permits.

12 **5. Report.** The commission shall submit a report and any suggested legislation for  
13 presentation to the Joint Standing Committee on Health and Human Services and the  
14 Joint Standing Committee on Insurance and Financial Services no later than December 4,  
15 2013.

16 **6. Data.** The commission may solicit health care cost data and information from  
17 both the public and private sectors to help inform the commission's work, including, but  
18 not limited to, the data and information of the Department of Health and Human Services,  
19 the Maine Health Data Organization, a statewide health care management association, a  
20 statewide hospital association and a statewide public health association.

21 **7. Outside funding for commission activities.** The commission may seek outside  
22 funds to provide staff support and consulting or other services to carry out the duties and  
23 requirements of the commission. Contributions to support the work of the commission  
24 may not be accepted from any party having a pecuniary or other vested interest in the  
25 outcome of the matters being studied. A person, other than a state agency, desiring to  
26 make a financial or in-kind contribution shall certify to the Legislative Council that the  
27 person has no pecuniary or other vested interest in the outcome of the commission's  
28 activities. Such a certification must be made in the manner prescribed by the Legislative  
29 Council. All contributions are subject to approval by the Legislative Council. All funds  
30 accepted must be forwarded to the Executive Director of the Legislative Council along  
31 with an accounting record that includes the amount of the funds, the date the funds were  
32 received, from whom the funds were received and the purpose of and any limitation on  
33 the use of the funds. The Executive Director of the Legislative Council shall administer  
34 any funds received by the commission.

35 **SUMMARY**

36 Part A of this bill requires the Maine Health Data Organization to conduct an annual  
37 study of hospital financial data, to contract with an independent organization to analyze  
38 this data and to present the data and analysis in a format that is easily understood by the  
39 average consumer beginning in 2014. Part A also requires that the Department of  
40 Professional and Financial Regulation, Bureau of Insurance consider the analysis as part  
41 of the review process for health insurance rates.

1           Part B of the bill establishes the Commission to Study Transparency, Costs and  
2           Accountability of Health Care System Financing. The commission is comprised of 11  
3           members appointed by the President of the Senate and Speaker of the House to evaluate  
4           current data reported by hospitals and health care facilities relating to charges, revenue  
5           and other financial data. The commission will make recommendations about how to  
6           standardize financial reporting about health care costs and the quality of health care  
7           services to enhance transparency to the public. The commission must also make  
8           recommendations to reduce health care costs, including the development of global  
9           budgets, accountable care organizations and other cost containment mechanisms.