

MAINE STATE LEGISLATURE

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126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

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)

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.