

MAINE STATE LEGISLATURE

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REP. MARK W. EVES
CHAIR

SEN. JUSTIN L. ALFOND
VICE-CHAIR

EXECUTIVE DIRECTOR
DAVID E. BOULTER



SEN. TROY D. JACKSON
SEN. MICHAEL D. THIBODEAU
SEN. ANNE M. HASKELL
SEN. ROGER J. KATZ
REP. SETH A. BERRY
REP. KENNETH W. FREDETTE
REP. JEFFREY M. MCCABE
REP. ALEXANDER R. WILLETTE

126TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

**126th Legislature
Legislative Council**

**Thursday, January 23, 2014
1:30 PM**

REVISED AGENDA

<u>Page</u>	<u>Item</u>	<u>Action</u>
	CALL TO ORDER	
	ROLL CALL	
1	SUMMARY OF THE DECEMBER 19, 2013 MEETING OF THE LEGISLATIVE COUNCIL	Acceptance
	REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS	
❖ 7	<ul style="list-style-type: none">Executive Director's Report (Mr. Boulter)	Information
8	<ul style="list-style-type: none">Fiscal Report (Mr. Pennoyer)	Information
12	<ul style="list-style-type: none">Interim Legislative Studies Report (Ms. Hylan Barr)	Information
	REPORTS FROM COUNCIL COMMITTEES	
	<ul style="list-style-type: none">Personnel Committee<ul style="list-style-type: none">Reappointment of John Barden, Director of Law and Legislative Reference LibraryState House Facilities Committee (No Report)	
	OLD BUSINESS	
15	Item #1: Council Actions Taken By Ballot (No Action Required)	Information

NEW BUSINESS

❖ 16	Item #1:	Consideration of After Deadline Bill Requests	Roll Call Vote
21	Item #2:	Submission of the Preliminary Report of the Maine Health Exchange Advisory Committee (December 2013)	Acceptance
25	Item #3:	Submission of the Final Report of the Commission to Study the Incidence of and Mortality Related to Cancer (December 2013)	Acceptance
35	Item #4:	Submission of the Final Report of the Commission to Study Long-term Care Facilities (December 2013)	Acceptance
40	Item #5:	Submission of the Final Report of the Commission to Study Transparency, Costs and Accountability of Health Care System Financing (December 2013)	Acceptance
46	Item #6:	Submission of the Eighth Annual Report of the Right to Know Advisory Committee (January 2014)	Acceptance
50	Item #7:	Submission of the Annual Progress Report on Public Law 2005, Chapter 1, aka "LD 1" (Governor's Office of Policy and Management)	Acceptance
55	Item #8:	Submission of Final Report of the Commission to Establish a Competitive Bidding Process for the Operation of Future Casinos and Slot Machine Facilities (January 2014)	Acceptance
62	Item #9:	Submission of the Overpayment Recovery Audit (State Controller's Office)	Acceptance
❖ 91	Item #10:	Submission of the Report of the Commission to Study the Board of Corrections and the Unified County Corrections Systems (December 2013)	Acceptance
❖ 99	Item #11:	Request for Extension of Reporting Date and Permission to Meet during the week of February 10, 2014 (Forensic Mental Health Service Oversight Committee, Sen. Gerzofsky and Rep. Gattine, Co-Chairs)	Decision
	Item #12:	Executive Session	

ANNOUNCEMENTS AND REMARKS

ADJOURNMENT



REP. MARK W. EVES
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126TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

**LEGISLATIVE COUNCIL
MEETING SUMMARY
December 19, 2013**

CALL TO ORDER

Legislative Council Chair Mark Eves called the December 19, 2013 Legislative Council meeting to order at 2:55 p.m. in the Legislative Council Chamber.

ROLL CALL

Senators:	President Alfond and Senator Jackson
Absent:	Senator Haskell, Senator Thibodeau and Senator Katz
Representatives:	Speaker Eves, Representative Berry, Representative McCabe, Representative Fredette and Representative Willette
Legislative Officers:	David E. Boulter, Executive Director of the Legislative Council Dawna Lopatosky, Legislative Finance Director Marion Hylan Barr, Director, Office of Policy and Legal Analysis Grant Pennoyer, Director, Office of Fiscal and Program Review Suzanne Gresser, Revisor of Statutes John Barden, Director, Law and Legislative Reference Library

Speaker Eves convened the meeting at 2:55 p.m. with a quorum of members present.

**SUMMARIES OF OCTOBER 30, 2013 AND NOVEMBER 21, 2013 MEETINGS OF
LEGISLATIVE COUNCIL**

Motion: That the Meeting Summaries for October 30, 2013 and November 21, 2013 be accepted and placed on file. Motion by President Alfond. Second by Representative Willette.
Motion passed unanimous (7-0, with Senators Haskell, Thibodeau and Katz absent).

REPORTS FROM EXECUTIVE DIRECTOR AND COUNCIL OFFICES

Executive Director's Report

David Boulter, Executive Director, reported on the following:

1. HVAC Piping Leaks in the State House

Mr. Boulter reported earlier that numerous leaks and corroded piping have been discovered in the HVAC system in the State House this year. An engineering firm has investigated the problems and has completed its initial investigation. The firm is scheduled to prepare a report within its findings and recommendations within 2 weeks. In the meantime, corrective measures are being taken immediately in high risk areas in the building.

2. Status of Bill Drafting

In anticipation of today's "Bill Signing Day," the Revisor's office has drafted and sent nearly 170 bills to sponsors for their review and signature. Of these, 11 have been finalized and sent to the chambers for printing and referral to committees. Only 14 bills have not yet been completed by the Revisor's office and they will be ready for sponsor review shortly. Hopefully, Legislators will take full advantage of Bill Signing Day to sign their bills so they may be printed and waiting for committee attention when the Legislature convenes on January 8th.

Mr. Boulter commended Ms. Gresser and her staff for their work.

Fiscal Report

Grant Pennoyer, Director, Office of Fiscal and Program Review, reported on the following:

Revenue Update

Total General Fund Revenue - FY 2014 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Growth
November	\$217.0	\$227.2	\$10.2	4.7%	\$234.5	-3.1%
FYTD	\$1,079.6	\$1,107.6	\$28.1	2.6%	\$1,064.5	4.0%

General Fund revenue was over budget by \$10.2 million (4.7%) in November, increasing the positive variance of the fiscal year through November to \$28.1 million (2.6%). These positive variances are not reflected in the December revenue forecast, which increased budgeted revenue for FY 2014 by \$12.7 million.

The bulk of November's positive variance can be attributed to a recovery of Individual Income Tax withholding payments, which were over budget for the month by \$10.4 million and \$1.1 million over budget for the fiscal year. The \$17.0 million Individual Income Tax positive variance for the fiscal year is due primarily to the increase in the third estimated payments received in September. The December revenue forecast increased budgeted revenue for the Individual Income Tax upward by \$11.1 million for FY 2014, but did not factor in September's increase.

Corporate Income Tax also had a very strong performance in November. The \$5.1 million positive variance for the month resulted in Corporate Income Tax revenue being net positive

variance for the fiscal year through November. Maine Revenue Services is currently reviewing several tax returns requesting refunds. As a result, the December revenue forecast reduced budgeted revenue from this tax by \$10.4 million.

Sales and Use Tax revenue was \$0.4 million over budget in November and was \$13.0 million for the fiscal year through November. The December revenue forecast increased budgeted Sales and Use Tax revenue in FY 2014 by \$10.2 million.

Highway Fund Revenue Update

Total Highway Fund Revenue - FY 2014 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Growth
November	\$28.1	\$29.7	\$1.6	5.8%	\$28.4	4.7%
FYTD	\$116.5	\$120.5	\$3.9	3.4%	\$124.1	-2.9%

Highway Fund revenue was over budget by \$1.6 million (5.8%) in November and \$3.9 million (3.4%) for the fiscal year through November. The FY 2014 \$0.7 million increase in Highway Fund budgeted revenue is not yet reflected in the December revenue forecast. The Fuel Taxes category, which was not revised in the December revenue forecast, has a \$3.2 million positive variance through November.

Cash Update

November cash balances seem to be holding up well. General Fund internal borrowing has been increasing but remains below last year's levels through November. Positive revenue variances have helped offset the negative cash effects of the \$98.5 million Other Special Revenue borrowing in the Biennial Budget to balance FY 2014.

Representative Fredette asked when the revenue report will be prepared for the Appropriations and Financial Affairs Committee. Mr. Pennoyer responded that the revenue report will be completed by March 1st.

Interim Legislative Studies Report

Marion Hylan Barr, Director, Office of Policy and Legal Analysis, provided a report as to the current status of the interim legislative studies and commissions. (Refer to status report in preliminary agenda materials.) She reported that most study commissions have been meeting and most have completed their meetings. The Commission to Study Long-term Care Facilities and the Commission to Study Transparency, Costs and Accountability of Health Care System Financing have completed their meetings and are preparing their reports. All of the authorized committees have concluded their interim meetings.

President Alfond asked for clarification about the Criminal Code Revision Planning Committee's report date. Ms. Hylan Barr explained that the Planning Committee's report date is March 1st and is for legislation.

REPORTS FROM COUNCIL COMMITTEES

1. Personnel Committee

Legislative Council Chair Eves reported that the Personnel Committee met earlier to go into an executive session and that there is no update at this time.

2. State House Facilities Committee

No report

OLD BUSINESS

Item #1: Council Actions Taken by Ballot Since the November 21, 2013 Council Meeting

Requests for Introduction of Legislation:

LR 2707 An Act to Revoke MaineCare Transportation Contracts

Submitted by: Senator Troy Jackson
Approved: November 21, 2013 Vote: 6-4 in favor (with Senators Thibodeau and Katz, and Representatives Fredette and Willette opposed)

LR 2709 An Act to Prohibit Possession of Simulated or Replica Firearms at or near a School

Submitted by: Senator Dawn Hill
Approved: December 17, 2013 Vote: 6-3-1-0 in favor (with Senators Thibodeau and Katz and Representative Willette opposed, and Representative Fredette abstained)

Legislative Council Decisions:

That the Legislative Council approve the request by the Commission to Study the Incidence of and Mortality Related to Cancer to extend its final report deadline to December 15, 2013.

Motion by: Representative Mark Eves
Second by: Senator Justin Alford
Approved: December 2, 2013 Vote: 10-0 in favor

NEW BUSINESS

Item #1: Request to hold the Youth in Government Program on November 14-16, 2014

Lonney Steeves, Program Director, State YMCA of Maine, requested approval to hold the YMCA's 2014 Youth in Government Program at the State House on November 14-16, 2014. Mr. Boulter reviewed other items on the calendar for that month.

Motion: That the Legislative Council approve the request to hold the 2014 Youth in Government Program on November 14-16, 2014. Motion by Representative Berry. Second by Representative Willette. **Motion passed unanimous (7-0, with Senators Haskell, Thibodeau and Katz absent).**

New Item: Consideration of Tabled Appeals of Council Action on Legislative Bill Requests

Legislative Council Chair Eves placed a new item on the agenda at this time. The Legislative Council proceeded to reconsider and vote on two (2) appeals of Council action on bill requests in accordance with the previously adopted protocol, and using a roll call vote. The Legislative Council authorized two (2) bill requests. The Legislative Council's action on the appeals is attached.

Item #2: Executive Session

Motion: That, in accordance with 1 MRSA, Section 405, subsection 6, the Legislative Council enter into an executive session for the purposes of discussing collective bargaining negotiations between the employee representative for the Administrative Unit of Legislative Employees and the Legislative Council. Motion by Senator Alford. Second by Representative Berry. **Motion passed unanimous (7-0, with Senators Haskell, Thibodeau and Katz absent).**

The Legislative Council entered into an executive session at 3:10 p.m. At the conclusion of its executive session, on a motion by President Alford, seconded by Representative Berry, the Legislative Council voted unanimously to end its executive session at 3:36 p.m. and reconvene its regular meeting.

ANNOUNCEMENTS AND REMARKS

With no other business to consider or announcements, the Legislative Council meeting was adjourned at 3:37 p.m.

**126th Maine State Legislature
Legislative Council
Action Taken on Requests to Introduce Legislation
or Appeals of Legislative Council Action on Bill Requests
Second Regular Session
As of: 12/19/2013**

SPONSOR: Rep. Peter B. Johnson

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2448	Resolve, Authorizing the Director of the Division of Parks and Public Lands in the Department of Agriculture, Conservation and Forestry To Convey the Chesuncook Community Church Building in Chesuncook to the Greenville Union Church	PASSED 12/19/13 Tabled 11/21/13

SPONSOR: Rep. Richard S. Malaby

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2581	An Act To Amend the Laws Regarding Involuntary Commitment	PASSED 12/19/13 Tabled 11/21/13



MAINE STATE LEGISLATURE

OFFICE OF THE EXECUTIVE DIRECTOR
LEGISLATIVE COUNCIL

Legislative Council

**Executive Director's Report
January 23, 2014**

1. Piping Failures in the State House

The investigation into the numerous failures of piping of the HVAC in the State House has concluded. The results indicate that the leaks are due to accelerated corrosion of pipe joints, joint failures and some improperly installed piping, piping supports or insulation.

Immediate repair of high risk areas has been completed and a systematic repair of replacement of piping and valves, and other repairs are planned to be conducted following the legislative session this year.

2. 2014 Copper Roofing Project

Preparation is underway for replacement of the copper of the State House dome. Technical drawings and specifications have been completed. Sub-contractor interviews were conducted, bids were received and sub-contractor selection is being finalized. Work is anticipated to begin in late March 2014 and to continue into October 2014.

3. MDF Breakfast Forums

The Maine Development Foundation has held two of its scheduled policy forums for Legislators. The last two policy forums are scheduled for next week (January 28th and 30th). According to MDF, the policy forums have been attended by about 30 Legislators per session.

Fiscal Briefing

Legislative Council Meeting

January 23, 2014

Prepared by the Office of Fiscal & Program Review

1. General Fund Revenue Update (also see attached)

Total General Fund Revenue - FY 2014 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
December	\$243.5	\$248.6	\$5.1	2.1%	\$240.2	3.5%
FYTD	\$1,355.1	\$1,356.3	\$1.2	0.1%	\$1,304.7	4.0%

General Fund revenue was over budget by \$5.1 million (2.1%) in December and \$1.2 million (0.1%) for the first half of the fiscal year. The positive variances now reflect the revised December revenue forecast, which increased budgeted revenue for FY 2014 by \$12.7 million. December's positive variance was generated by positive variances in the Individual Income Tax and Sales and Use Tax categories, projections for both of these categories were increased in the December revenue forecast.

The Individual Income Tax \$6.6 million positive variance was related to primarily to higher than projected final payments and lower than projected refund activity. The fourth estimated payments for the 2013 tax year, due by January 15th, were \$0.5 million (2.0%) over budget in December. This positive performance must be assessed with January's performance to determine whether the spike in these payments earlier this fall could translate into an upward revision for this category in the March 2014 revenue forecast.

The Sales and Use Tax was over budget despite a slowing of the very strong growth of automobile and building supply sectors earlier this fall. Other retail sectors showed improved growth for the beginning of the holiday shopping season.

Some areas of concern include the Corporate Income Tax, which was under budget by \$2.7 million in December, and the Business Equipment Tax Exemption transfers, which have exceeded projections by \$3.2 million through December.

2. Highway Fund Revenue Update (also see attached)

Total Highway Fund Revenue - FY 2014 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
December	\$22.2	\$22.4	\$0.2	1.0%	\$21.2	5.8%
FYTD	\$139.4	\$142.9	\$3.5	2.5%	\$145.3	-1.7%

Highway Fund revenue was over budget by \$0.2 million (1.0%) in December and \$3.5 million (2.5%) for the fiscal year through December. The FY 2014 \$0.7 million increase in Highway Fund budgeted revenue in the December revenue forecast is now reflected in these variances. The Fuel Taxes category, which was not revised in the December revenue forecast, was over budget again in December and has built up a \$3.5 million positive variance for the fiscal half of the fiscal year.

3. Cash Update

December cash balances fell below last year's balances and General Fund internal borrowing in December finally increased above last year's levels. The General Fund decline was expected due to the negative cash effects of the \$98.5 million Other Special Revenue borrowing in the Biennial Budget to balance FY 2014. The December Highway Fund average cash balance dropped below \$4.0 million due to a change from quarterly payments to a single annual payment by December 1st for the Local Road Assistance program. Highway Fund cash balances should recover from this temporary drop due to normal off-season reductions in demand for highway and bridge spending.

General Fund Revenue
Fiscal Year Ending June 30, 2014 (FY 2014)
December 2013 Revenue Variance Report

Revenue Category				Fiscal Year-To-Date					FY 2014 Budgeted Totals
	December '13 Budget	December '13 Actual	December '13 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax	81,146,562	83,272,126	2,125,564	480,907,963	483,033,527	2,125,564	0.4%	10.6%	1,108,677,783
Service Provider Tax	4,123,047	3,937,449	(185,598)	20,078,843	19,893,246	(185,597)	-0.9%	-4.1%	49,317,427
Individual Income Tax	126,583,902	133,156,697	6,572,795	655,618,435	662,180,031	6,561,596	1.0%	-3.2%	1,380,685,000
Corporate Income Tax	33,712,922	30,996,557	(2,716,365)	81,656,164	78,939,749	(2,716,415)	-3.3%	11.4%	169,706,958
Cigarette and Tobacco Tax	10,488,000	8,729,162	(1,758,838)	70,415,283	71,353,883	938,600	1.3%	0.0%	135,900,000
Insurance Companies Tax	34,024	5,124	(28,900)	13,138,471	12,927,037	(211,434)	-1.6%	-9.8%	80,715,000
Estate Tax	2,109,365	1,290,108	(819,257)	10,679,065	7,228,198	(3,450,867)	-32.3%	-73.4%	27,553,982
Other Taxes and Fees *	7,579,246	8,312,457	733,211	58,232,650	59,355,738	1,123,088	1.9%	-11.2%	127,884,891
Fines, Forfeits and Penalties	1,564,450	1,632,173	67,723	11,627,205	11,154,574	(472,631)	-4.1%	-1.9%	23,431,666
Income from Investments	(1,743)	13,187	14,930	117,013	137,627	20,614	17.6%	85.2%	13,818
Transfer from Lottery Commission	4,288,457	4,859,512	571,055	27,875,000	26,732,942	(1,142,058)	-4.1%	0.0%	55,750,000
Transfers to Tax Relief Programs *	(23,859,754)	(23,394,660)	465,094	(47,550,917)	(49,315,363)	(1,764,446)	-3.7%	41.5%	(61,540,498)
Transfers for Municipal Revenue Sharing	(5,215,580)	(5,215,578)	2	(32,222,732)	(32,222,730)	2	0.0%	29.1%	(64,795,934)
Other Revenue *	959,156	1,054,297	95,141	4,511,113	4,878,729	367,616	8.1%	25.8%	41,077,521
Totals	243,512,054	248,648,611	5,136,557	1,355,083,556	1,356,277,189	1,193,633	0.1%	4.0%	3,074,377,614

* Additional detail by subcategory for these categories is presented on the following page.

General Fund Revenue
Fiscal Year Ending June 30, 2014 (FY 2014)
December 2013 Revenue Variance Report

Revenue Category	December '13 Budget	December '13 Actual	December '13 Variance	Fiscal Year-To-Date					FY 2014 Budgeted Totals
				Budget	Actual	Variance	Variance %	% Change from Prior Year	
Detail of Other Taxes and Fees:									
- Property Tax - Unorganized Territory	0	0	0	11,970,000	11,999,965	29,965	0.3%	24.3%	13,584,806
- Real Estate Transfer Tax	780,031	943,065	163,034	4,056,163	4,220,238	164,075	4.0%	-1.3%	9,176,840
- Liquor Taxes and Fees	1,757,158	1,697,406	(59,752)	10,345,696	11,424,706	1,079,010	10.4%	6.4%	20,818,837
- Corporation Fees and Licenses	152,475	148,788	(3,688)	1,342,174	1,404,025	61,851	4.6%	0.3%	8,313,649
- Telecommunication Excise Tax	0	0	0	0	(1,169,972)	(1,169,972)	N/A	-189.7%	8,000,000
- Finance Industry Fees	2,028,653	2,902,650	873,997	12,179,983	13,027,500	847,517	7.0%	8.7%	24,851,990
- Milk Handling Fee	104,859	89,967	(14,892)	574,786	559,893	(14,893)	-2.6%	-67.9%	1,203,936
- Racino Revenue	732,707	651,815	(80,892)	4,561,634	4,446,197	(115,437)	-2.5%	-40.2%	8,957,869
- Boat, ATV and Snowmobile Fees	174,137	352,658	178,521	1,727,463	1,711,504	(15,959)	-0.9%	-1.9%	4,523,561
- Hunting and Fishing License Fees	1,214,344	591,529	(622,815)	7,489,852	7,668,132	178,280	2.4%	4.8%	16,101,822
- Other Miscellaneous Taxes and Fees	634,882	934,579	299,697	3,984,899	4,063,549	78,650	2.0%	-62.9%	12,351,581
Subtotal - Other Taxes and Fees	7,579,246	8,312,457	733,211	58,232,650	59,355,738	1,123,088	1.9%	-11.2%	127,884,891
Detail of Other Revenue:									
- Liquor Sales and Operations	1,150	2,100	950	9,202	21,890	12,688	137.9%	102.7%	8,408,196
- Targeted Case Management (DHHS)	176,028	155,449	(20,579)	1,056,166	1,056,857	691	0.1%	13.5%	2,112,332
- State Cost Allocation Program	1,284,757	1,638,178	353,421	9,264,023	9,521,009	256,986	2.8%	22.1%	18,296,833
- Unclaimed Property Transfer	0	0	0	0	0	0	N/A	N/A	6,015,000
- Tourism Transfer	0	0	0	(10,381,884)	(10,381,884)	0	0.0%	-4.5%	(10,381,884)
- Transfer to Maine Milk Pool	0	0	0	(282,242)	0	282,242	100.0%	100.0%	(282,242)
- Transfer to STAR Transportation Fund	0	0	0	(6,069,901)	(6,069,901)	0	0.0%	1.1%	(6,069,901)
- Other Miscellaneous Revenue	(502,779)	(741,430)	(238,651)	10,915,749	10,730,758	(184,991)	-1.7%	-15.7%	22,979,187
Subtotal - Other Revenue	959,156	1,054,297	95,141	4,511,113	4,878,729	367,616	8.1%	25.8%	41,077,521
Detail of Transfers to Tax Relief Programs:									
- Me. Resident Prop. Tax Program (Circuitbreaker)	(1,000)	(692)	308	(756,484)	(756,864)	(380)	-0.1%	97.7%	(760,000)
- BETR - Business Equipment Tax Reimb.	(4,624,007)	(3,583,777)	1,040,231	(26,512,348)	(25,114,334)	1,398,014	5.3%	23.4%	(38,205,000)
- BETE - Municipal Bus. Equip. Tax Reimb.	(19,234,747)	(19,810,192)	(575,445)	(20,282,085)	(23,444,165)	(3,162,080)	-15.6%	-29.7%	(22,575,498)
Subtotal - Tax Relief Transfers	(23,859,754)	(23,394,660)	465,094	(47,550,917)	(49,315,363)	(1,764,446)	-3.7%	41.5%	(61,540,498)
Inland Fisheries and Wildlife Revenue - Total	1,489,230	1,119,328	(369,902)	9,706,948	9,929,943	222,995	2.3%	2.9%	21,532,511

Highway Fund Revenue
Fiscal Year Ending June 30, 2014 (FY 2014)
December 2013 Revenue Variance Report

Revenue Category				Fiscal Year-To-Date					FY 2014 Budgeted Totals
	December '13 Budget	December '13 Actual	December '13 Variance	Budget	Actual	Variance	% Variance	% Change from Prior Year	
Fuel Taxes:									
- Gasoline Tax	15,158,758	15,402,661	243,903	84,781,688	86,873,371	2,091,683	2.5%	0.6%	188,780,000
- Special Fuel and Road Use Taxes	4,083,335	4,184,264	100,929	18,867,887	20,689,888	1,822,001	9.7%	4.7%	42,980,000
- Transcap Transfers - Fuel Taxes	(1,414,658)	(1,441,621)	(26,963)	(9,175,184)	(9,510,890)	(335,706)	-3.7%	-1.7%	(17,027,938)
- Other Fund Gasoline Tax Distributions	(379,076)	(380,138)	(1,062)	(2,541,507)	(2,596,346)	(54,839)	-2.2%	-0.6%	(4,720,822)
Subtotal - Fuel Taxes	17,448,359	17,765,166	316,807	91,932,884	95,456,024	3,523,140	3.8%	1.4%	210,011,240
Motor Vehicle Registration and Fees:									
- Motor Vehicle Registration Fees	4,695,302	5,043,454	348,152	31,585,318	31,948,005	362,687	1.1%	1.8%	65,659,536
- License Plate Fees	237,969	265,658	27,689	1,725,857	1,834,424	108,567	6.3%	2.6%	3,351,681
- Long-term Trailer Registration Fees	493,961	438,576	(55,385)	2,488,537	2,588,908	100,371	4.0%	-0.4%	9,384,523
- Title Fees	845,985	907,821	61,836	6,249,065	6,611,872	362,807	5.8%	-44.4%	12,843,660
- Motor Vehicle Operator License Fees	596,827	591,596	(5,232)	4,128,544	4,111,128	(17,417)	-0.4%	-3.0%	8,522,204
- Transcap Transfers - Motor Vehicle Fees	(3,375,724)	(3,446,000)	(70,276)	(7,608,626)	(7,751,270)	(142,644)	-1.9%	17.0%	(15,398,687)
Subtotal - Motor Vehicle Reg. & Fees	3,494,320	3,801,105	306,785	38,568,695	39,343,066	774,371	2.0%	-7.6%	84,362,917
Motor Vehicle Inspection Fees	569,890	224,328	(345,562)	1,930,790	1,250,039	(680,751)	-35.3%	-34.4%	2,982,500
Other Highway Fund Taxes and Fees	90,997	90,075	(922)	679,493	606,210	(73,283)	-10.8%	-5.6%	1,313,165
Fines, Forfeits and Penalties	98,219	98,219	0	541,176	538,348	(2,828)	-0.5%	-2.2%	1,007,998
Interest Earnings	8,286	3,881	(4,405)	51,106	31,308	(19,798)	-38.7%	-10.9%	100,825
Other Highway Fund Revenue	479,999	432,670	(47,329)	5,669,955	5,660,126	(9,829)	-0.2%	3.3%	8,797,218
Totals	22,190,070	22,415,443	225,373	139,374,099	142,885,122	3,511,023	2.5%	-1.7%	308,575,863

2013 Interim Legislative Studies and Committee Meetings

Updated January 16, 2014

<u>Study/Committee</u>	<u>2013 Meetings Authorized</u>	<u>2013 Meetings Held</u>	<u>Scheduled Next Meeting Date(s)</u>	<u>Report Date</u>	<u>Chair(s)</u>	<u>Status Notes</u>
NEW STUDIES						
Tax Expenditure Review Task Force (LD 1509 - emergency; PL 2013, c. 368, Pt. S)	6	9/16/13 9/30/13 10/21/13 11/4/13 11/25/13 12/2/13		12/4/2013	Sen. Haskell & Rep. Goode	Meetings concluded; report completed.
Commission to Study Long-term Care Facilities (LD 986 - emergency; Resolve 2013, c. 78)	4	10/11/13 10/25/13 11/8/13 11/15/13 12/4/13		12/4/2013	Sen. Craven & Rep. Stuckey	One additional meeting authorized; meetings concluded; report completed.
Commission to Study the Incidence of and Mortality Related to Cancer (LD 1574 - emergency; Resolve 2013, c. 77)	4	10/25/13 11/8/13 11/21/13 12/6/13		12/4/2013	Sen. Lachowicz & Rep. McGowen	Meetings concluded; report completed.
Maine Health Exchange Advisory Committee (Joint Order H.P. 1136, as amended by S-327)	4	9/23/13 10/21/13 11/18/13 12/2/13		12/4/2013 (preliminary) 11/5/2014 (final)	Sen. Craven & Rep. Treat	Meetings concluded; preliminary report completed.
Commission to Study Transparency, Costs and Accountability of Health Care System Financing (Joint Order H.P. 1123)	4	9/23/13 10/16/13 10/30/13 11/20/13		12/4/2013	Sen. Gratwick & Rep. Gattine	Meetings concluded; report completed.
Criminal Code Revision Planning Committee (Joint Order S.P. 31 as amended by S-326)	4	11/6/13 12/4/13 12/16/13		3/1/2014	Sen. Gerzofsky	Conducting work.
Nonprofit Tax Review Task Force (LD 1509 - emergency; PL 2013, c. 368, Pt. AA)	4	10/30/13 11/15/13 11/20/13 11/25/13 12/09/13		12/1/2013	Commissioner of DAFS or designee	Meetings concluded; report completed. (staffed by DAFS)
Forensic Mental Health Services Oversight Committee (LD 1515 - emergency; PL 2013, c. 434, Sec. 12)	4	11/12/13 12/3/13	12/20/13	1/15/2014	Sen. Gerzofsky & Rep. Gattine	Conducting work; request for extension for additional meeting pending.
Commission to Study the State Board of Corrections and the Unified County Corrections System (Joint Order H.P. 1132 as amended by S-324)	6	9/20/13 10/4/13 10/25/13 11/1/13 11/15/13 12/6/13		12/4/2013	David Flanagan	Meetings concluded; report completed. (staffed by ME County Commissioners Assoc.)

2013 Interim Legislative Studies and Committee Meetings

Updated January 16, 2014

<u>Study/Committee</u>	<u>2013 Meetings Authorized</u>	<u>2013 Meetings Held</u>	<u>Scheduled Next Meeting Date(s)</u>	<u>Report Date</u>	<u>Chair(s)</u>	<u>Status Notes</u>
ON-GOING LEGISLATIVE STUDIES						
Legislative Youth Advisory Council (3 MRSA section 168-B)	may hold 2 per year			2nd Friday in February in even numbered years		Appointments not completed; did not convene this interim.
Right to Know Advisory Committee (1 MRSA section 411)	4	7/24/13 10/3/13 11/12/13 12/17/13		1/15 annually	Sen. Valentino	Meetings concluded; report completed.
Commission to Develop a Competitive Bidding Process for the Operation of Additional Casinos or Slot Machine Facilities (PL 2011, c. 699)	6	7/26/13 9/6/13 10/24/13		2/15/2014	Sen. Patrick & Rep. Luchini	Meetings concluded; report completed.
Citizen Trade Policy Commission (10 MRSA section 11)	at least 2 per year	7/1/13 9/19/13 11/15/13 12/12/13		annually	Sen. Jackson & Rep. Treat	Conducting work.

2013 Interim Legislative Studies and Committee Meetings

Updated January 16, 2014

Study/Committee	2013 Meetings Authorized	2013 Meetings Held	Scheduled Next Meeting Date(s)	Report Date	Chair(s)	Status Notes
AUTHORIZED COMMITTEE MEETINGS						
AFA (range of issues)	monthly or as necessary (3 MRSA section 522)	8/13/13 8/22/13 10/2/13 10/8/13 11/13/13 12/12/13		n/a	Sen. Hill & Rep. Rotundo	AFA has 90 CO bills. Interim meetings concluded.
ACF (update from DACF regarding merger; review Outcome-based Forestry report and annual report of Board of Agriculture)	1	11/22/13		n/a	Sen. Jackson & Rep. Dill	ACF has 6 CO bills. This meeting was authorized 9/25/13. Interim meeting concluded.
CJPS (discuss CO LDs 222, 297, 502, 662, 1513; monitor Gov. task force on rangers carrying firearms; monitor coordinated jail system changes)	3	9/25/13 12/11/13		n/a	Sen. Gerzofsky & Rep. Dion	CJPS has 7 CO bills; will be discussing 5. Interim meetings concluded.
EDU (EPS review; review college and career readiness of Maine students)	5	7/31/13 8/1/13 10/8/13 10/29/13 12/10/13		n/a	Sen. Millett & Rep. MacDonald	EDU has 7 CO bills. Interim meetings concluded.
ENR (solid waste management issues, LDs 694, 907, 1363, and CO LD 1483; and 9/20 GOC letter - Subcommittee of 5 ENR members)	5	10/2/13 10/16/13 11/12/13 12/16/13		n/a	Sen. Boyle & Rep. Welsh	ENR has 4 CO bills; will be discussing 1. Interim meetings concluded.
EUT (Renewable energy policy: CO LDs 795, 1085, 1146, 1252, 1403, 1456, 1507)	5	9/20/13 10/21/13 11/14/13 12/11/13 12/18/13		n/a	Sen. Cleveland & Rep. Hobbins	EUT has 21 CO bills; will be discussing 7. Interim meetings concluded.
HHS (range of issues, including budget and emerging and developing issues)	3	9/11/13 10/29/13 12/10/13		n/a	Sen. Craven & Rep. Farnsworth	HHS has 9 CO bills. Interim meetings concluded.
IFS (range of issues)	2			n/a	Sen. Gratwick & Rep. Treat	IFS has 9 CO bills. Will not be holding any interim meetings.
MAR (elver fishing issues, CO LD 1397)	2	12/5/13 12/13/13		n/a	Sen. Johnson & Rep. Kumiega	MAR has 3 CO bills; will be discussing 1. Interim meetings concluded.
MWEF (a number of issues related to workforce, downtown revitalization and small business development)	4	9/17/13 10/1/13 10/22/13 11/7/13		n/a	Sen. Valentino & Rep. Berry	MWEF has 1 CO bill. Interim meetings concluded.
SLG (discontinued and abandoned roads, LD 1273 and CO LD 1177 - Subcommittee of 4 SLG members)	3	9/27/13 10/18/13 12/13/13		n/a	Sen. Lachowicz & Rep. Graham	SLG has 6 CO bills; will be discussing 1. Interim meetings concluded.
VLA (wholesale spirits contract RFP; update on competitive bidding process for casinos; update on transfer of liquor and licensing from DPS to DAFS)	1	10/30/13		n/a	Sen. Tuttle & Rep. Luchini	VLA has 11 CO bills. Interim meeting concluded.

**Legislative Council Actions
Taken by Ballot Since the
December 19, 2013 Council Meeting**

Requests for Introduction of Legislation:

LR 2719 An Act to Establish a Cold Case Homicide Department in the Office of the Attorney General

Submitted by: Representative Stephen Stanley
Approved: January 7, 2014 Vote: 7-2-1-0 in favor (with Senators Thibodeau and Katz opposed, and Representative Fredette abstained)

LR 2724 Resolve, To Create a State-run Virtual Academy Providing Maine Students with Access to Online Learning through their Existing School Districts

Submitted by: Senator Brian Langley
Approved: January 8, 2014 Vote: 10-0 in favor

LR 2727 An Act to Create New Jobs and Expand Consumer Choice for Wine

Submitted by: Representative Sara Gideon
Approved: January 16, 2014 Vote: 10-0 in favor

Legislative Council Decisions:

That the Legislative Council authorize expenditures of up to \$5,000 for the cost of food and related supplies for a reception for former U.S. Senator George J. Mitchell in the State House on Tuesday, January 28, 2014.

Motion by: Representative Mark Eves
Second by: Senator Justin Alford
Approved: January 14, 2014 Vote: 10-0 in favor

**126th Maine State Legislature
Legislative Council
Requests to Introduce Legislation
Second Regular Session
Revised as of: 1/23/2014**

SPONSOR: Pres. Justin L. Alfond

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2706	An Act To Disclose the Status of School Construction Projects	-

SPONSOR: Rep. Janice E. Cooper

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2730	An Act To Revise the Description of Commercial Fishing Vessels That Are Exempt from Attachment and Seizure	-

SPONSOR: Rep. Eleanor M. Espling

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2714	An Act To Allow Medical Expenses To Be Exempted from the \$27,500 Income Tax Deduction Limit	-

SPONSOR: Rep. Lori Fowle

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2712	An Act To Amend the Laws Governing Charitable Solicitations	-

SPONSOR: Rep. Lance E. Harvell

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2716	An Act To Amend the Laws Governing the Location of Motor Vehicle Excise Tax Collection for Motor Vehicles Owned by Public Utilities	-

SPONSOR: Sen. Troy D. Jackson

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2699	An Act To Amend the Process for Pursuing Small Claims in Court	-

2700	An Act To Make Consistent the Sales Tax Imposed on Various Fuels Used To Heat Buildings for Human Habitation	
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SPONSOR: Sen. Brian D. Langley

<u>LR #</u>	- <u>Title</u>	- <u>Action</u>
2711	An Act To Authorize a General Fund Bond Issue To Purchase the Bar Harbor Ferry Terminal	

SPONSOR: Rep. William F. Noon

<u>LR #</u>	- <u>Title</u>	- <u>Action</u>
2736	An Act To Allow the Sale of Unregulated Dairy Products at the Site of Production	

SPONSOR: Rep. Matthew G. Pouliot

<u>LR #</u>	- <u>Title</u>	- <u>Action</u>
2696	An Act To Reduce the State's Costs of Nursing Homes and Emergency Hospital Care For Maine's Elderly	

SPONSOR: Sen. John L. Tuttle, Jr

<u>LR #</u>	- <u>Title</u>	- <u>Action</u>
2726	An Act To Allow a Second Liquor Store in Certain Towns	

SPONSOR: Rep. Alexander R. Willette

<u>LR #</u>	- <u>Title</u>	- <u>Action</u>
2702	An Act To Increase the Penalty for an Assault on a Health Care Worker	

JOINT RESOLUTION

SPONSOR: Rep. Justin Mark Chenette

<u>LR #</u>	- <u>Title</u>	- <u>Action</u>
2458	JOINT RESOLUTION URGING THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES TO RECONSIDER ITS DEFERRAL ON BLOOD DONATIONS FROM GAY MEN	

SPONSOR: Rep. Diane Russell

<u>LR #</u>	- <u>Title</u>	- <u>Action</u>
2326	JOINT RESOLUTION MEMORIALIZING THE FEDERAL GOVERNMENT TO ENACT LAWS SAFEGUARDING THE PRIVACY OF AMERICANS AS IT RELATES TO GOVERNMENT SURVEILLANCE PROGRAMS	

TABLED BY THE LEGISLATIVE COUNCIL

SPONSOR: Sen. John J. Cleveland

<u>LR #</u> 2623	-	<u>Title</u> An Act To Assist Electric Utility Ratepayers	-	<u>Action</u> Tabled 10/31/13
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SPONSOR: Rep. Kenneth W. Fredette

<u>LR #</u> 2509	-	<u>Title</u> An Act To Expand the Maine New Markets Capital Investment Program	-	<u>Action</u> Tabled 11/21/13
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SPONSOR: Sen. Stanley J. Gerzofsky

<u>LR #</u> 2302	-	<u>Title</u> An Act To Provide Enforcement Authority to the State Board of Corrections	-	<u>Action</u> Tabled 10/31/13
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2506		An Act Regarding the Involuntary Medication of an Inmate at a Correctional Facility		Tabled 11/21/13
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SPONSOR: Sen. Roger J. Katz

<u>LR #</u> 2694	-	<u>Title</u> An Act to Prohibit Providers of Cloud Computing Service to Primary and Secondary Educational Institutions from Processing Student Data for Commercial Purposes	-	<u>Action</u> Tabled 11/21/13
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SPONSOR: Sen. Colleen M. Lachowicz

<u>LR #</u> 2491	-	<u>Title</u> An Act Relating to Nursing Home and Hospice Patients and Medical Marijuana Use	-	<u>Action</u> Tabled 11/21/13
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SPONSOR: Rep. Jeff M. McCabe

<u>LR #</u> 2524	-	<u>Title</u> An Act To Clarify County Jail Debt Financing	-	<u>Action</u> Tabled 10/31/13
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SPONSOR: **Rep. Robert J. Saucier**

<u>LR #</u>	-	<u>Title</u>	-	<u>Action</u>
2477	-	An Act To Restore Confidence in Maine Campaign Finance Laws	-	Tabled 11/21/13

SPONSOR: **Rep. Michael A. Shaw**

<u>LR #</u>	-	<u>Title</u>	-	<u>Action</u>
2248	-	An Act To Enhance Freedom of Access	-	Tabled 11/21/13

SPONSOR: **Rep. Corey S. Wilson**

<u>LR #</u>	-	<u>Title</u>	-	<u>Action</u>
2374	-	An Act To Grant the State Board of Corrections Authority To Approve Wages, Benefits and Budgets for Correctional Facilities	-	Tabled 11/21/13

126th Maine State Legislature

ADDENDUM

Legislative Council
Requests to Introduce Legislation
Second Regular Session

Actions Taken After January 17, 2014

SPONSOR: Rep. Eleanor M. Espling

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2742	An Act To Standardize the Vehicle Inspection Program across the State	

SPONSOR: Rep. Anne P. Graham

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2754	An Act Concerning Certain Issues Related to Recommendations of the Subcommittee on Abandoned and Discontinued Roads	

SPONSOR: Sen. Christopher K. Johnson

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2739	An Act To Clarify and Update a Nurse's Ability To Administer Medication	

SPONSOR: Rep. Louis J. Luchini

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2758	An Act To Allow Veterans To Move to Maine To Qualify for In-state Tuition	

SPONSOR: Sen. Thomas B. Saviello

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2755	An Act To Redefine "Septic System" for Purposes of the Shoreland Zoning Laws	

SPONSOR: Sen. Edward M. Youngblood

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2741	An Act To Amend the Law Regarding Tidal Energy Demonstration Projects	

STATE OF MAINE
126th 1st LEGISLATURE
FIRST REGULAR SESSION

EXECUTIVE DIRECTOR'S
OFFICE

2013 DEC 30 A 10:40

Preliminary Report
of the
MAINE HEALTH EXCHANGE
ADVISORY COMMITTEE

December 2013

Members:

Senator Margaret M. Craven
Representative Sharon Anglin Treat
Sen. Rodney L. Whittemore
Rep. Michael D. McClellan
Rep. Linda F. Sanborn
Christine Alibrandi
John Benoit
John Costin
Bob Dawber
Doug Gardner
Sara Gagne-Holmes
Laurie Kane-Lewis
Kevin Lewis
Elizabeth Neptune
Kristine Ossenfort
David Shipman
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III. Advisory Committee Process	3
IV. Advisory Committee Recommendations.....	4
V. Agenda for 2014	11

Appendices

- A. Joint Order Establishing Advisory Committee, H.P. 1136
- B. Membership list, Maine Health Exchange Advisory Committee
- C. Mapping Navigation Gaps Draft, prepared for the Maine Health Access Foundation

Executive Summary

The Maine Health Exchange Advisory Committee was established by joint order, H.P. 1136, to advise the Legislature regarding the interests of individuals and employers with respect to any health benefit exchange that may be created for this State pursuant to the federal Patient Protection and Affordable Care Act.

Senator Margaret M. Craven and Representative Sharon Anglin Treat served as the Senate and House chairs of the Advisory Committee. As required by the Joint Order, the Advisory Committee has 18 members: 5 Legislators representing the Joint Standing Committees on Insurance and Financial Services, Appropriations and Financial Affairs and Health and Human Services; 6 members appointed by the President of the Senate; and 7 members appointed by the Speaker of the House of Representatives. While the Joint Order directed the President of the Senate and the Speaker of the House of Representatives to invite the Superintendent of Insurance and Commissioner of Health and Human Services or their designees to participate as ex officio nonvoting members, the Governor declined to appoint any representatives of the Administration to serve on the Advisory Committee.

With authorization from the Legislative Council, the Advisory Committee met 5 times: September 23, October 21, November 18, December 2 and December 9. More information about the Advisory Committee can be found on its website, including agendas, meeting materials, links to related resources and audio recordings of all committee meetings, at: <http://www.maine.gov/legis/opla/healthexchangeac.htm>.

The Advisory Committee focused its efforts on educating members on the Federally-Facilitated Marketplace (FFM), the initial operations of the FFM and the consumer outreach and assistance resources available to individuals and small businesses.

To that end, the Advisory Committee received an update at each meeting from Christie Hager, Region Director for the United States Department of Health and Human Services, on the implementation of the FFM in Maine from the start of the open enrollment period, including the ongoing technical issues of the healthcare.gov website.

The Advisory Committee received presentations from the two Navigator organizations and other entities engaged in providing consumer outreach and assistance resources to individuals and small businesses. The Advisory Committee also received presentations on the health and dental plans available through the Federally-Facilitated Marketplace.

The Advisory Committee was disappointed that representatives of the Department of Health and Human Services, Bureau of Insurance and Dirigo Health Agency did not attend any meetings or make presentations as requested. Although these agencies did submit written information in response to requests from the Advisory Committee, the lack of full participation negatively affected the Advisory Committee's ability to meet its responsibilities to assess the

implementation of the Marketplace, including the role of state agencies charged by law with carrying out aspects of that implementation.

The Advisory Committee makes the following recommendations summarized below.

- 1. Encourage the State to pursue federal grant funding under section 1311 of the Affordable Care Act to provide additional resources for consumer outreach and assistance**
- 2. Continue and expand the Navigator program in 2015 with additional federal funding**
- 3. Support changes in federal and state law and regulation to provide more transparency and financial certainty to employers regarding composite rating for employee and dependent coverage**
- 4. Maintain the operation of the Federally-Facilitated Marketplace in Maine for 2015 while continuing to evaluate the Marketplace's effectiveness in meeting the needs of individuals and small businesses and make a determination in 2014 whether transitioning to an alternative Marketplace model for either the individual or SHOP exchanges in 2016 is recommended**
- 5. Ensure that notices and other communications distributed by the Maine Department of Health and Human Services are useful to consumers and accurately reflect the health care coverage options available and all of the mechanisms to access coverage**
- 6. Improve the effective operation of Maine's Marketplace by closing the coverage gap to ensure individuals have access to affordable health insurance coverage**
- 7. Develop common definitions and data elements for use by the Maine Department of Health and Human Services, Bureau of Insurance, states agencies, Navigators, certified application counselors and other entities to collect and report demographic, eligibility and enrollment data on those individuals and small businesses seeking assistance in obtaining health care coverage through the Marketplace or other public programs**
- 8. Request that the federal outreach and education materials, such as television commercials, be made available for organizations engaged in outreach and education at the state level**
- 9. Direct the Maine Department of Health and Human Services to seek a waiver allowing MaineCare eligibility determinations to be processed for individuals referred by the Federally-Facilitated Marketplace pending the complete file transfer**

Pursuant to the Joint Order establishing the Advisory Committee, this is the preliminary report of the Advisory Committee. The Advisory Committee will submit its final report in November 2014. While the primary focus for the Advisory Committee in 2014 will be whether Maine's Federally-Facilitated Marketplace is effective for individuals and small businesses, the Advisory Committee has also identified additional issues for consideration.

**STATE OF MAINE
126th LEGISLATURE
FIRST REGULAR SESSION**

EXECUTIVE DIRECTOR'S
OFFICE

2014 JAN -2 P 12: 42

**Final Report
of the
Commission to Study the Incidence of and
Mortality Related to Cancer**

December 2013

Members:

**Sen. Colleen M. Lachowicz, Chair
Sen. Thomas B. Saviello
Rep. Paul D. McGowan, Chair
Rep. Carol A. McElwee
Rep. Megan M. Rochelo
Andrew Hertler MD
Susan Miesfeldt MD
Ed Miller
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Appendices

- A. Authorizing Joint Order, Resolve 2013, Chapter 77
- B. Membership list, Commission to Study the Incidence of and Mortality Related to Cancer
- C. Suggested Legislation, Recommendation #9-A
- D. Suggested Legislation, Recommendation #16

Executive Summary

The Commission to Study the Incidence of and Mortality Related to Cancer was established by Resolve 2013, Chapter 77 (Appendix A). The duties of the Commission are set forth in Resolve 2013, Chapter 77 (Appendix A). The Commission is charged with reviewing Maine's above average rates of cancer incidence and mortality and reviewing the State of Maine's current cancer prevention, detection and treatment goals and priorities. The duties include the following:

- Identify or review the State's current priorities and goals to reduce the incidence of and mortality from cancer;
- Identify the types of cancer with the highest incidence and mortality in the State, including the types of cancer whose incidence and mortality rates differ the most from national averages;
- Identify the risk factors, including preventable lifestyle risk factors such as tobacco use, diet, exercise and obesity, related to high relative rates of the incidence of and mortality from cancer;
- Identify the extent to which barriers to health care in the State contribute to cancer mortality;
- Make recommendations for legislative strategies to reduce the State's cancer incidence and mortality; and
- Make recommendations for how current State programs could further assist citizens through education and cancer prevention programs.

The Commission is required to submit a report, with findings and recommendations including suggested legislation, to the Joint Standing Committee on Health and Human Services in December 2013. The Commission met four times and developed the following recommendations for strategies to reduce Maine's cancer incidence and mortality.

ACCESS TO AFFORDABLE, HIGH QUALITY HEALTH CARE:

1. The Cancer Commission finds that access to quality health care is one of the most important factors impacting the incidence of and mortality from cancer in Maine.

Recommendation #1: The Commission strongly recommends that the State of Maine accept federal funding already set aside pursuant to the federal 2010 health care law, the Patient Protection and Affordable Care Act, known simply as the Affordable Care Act (ACA), to ensure access to affordable health care through Medicaid coverage for approximately 69,500 eligible low-income Maine residents.¹ This will have many benefits impacting cancer in Maine.

The Commission recommends sending letters to the Governor, the Commissioner of Health and Human Services and to the Joint Standing Committees on Health and Human Services and

¹ Medicaid is a federal and state funded program that pays the medical expenses of people who are unable to pay some or all of their own medical expenses. MaineCare is the name of Maine's Medicaid Program.

Appropriations and Financial Affairs advocating that the State of Maine take advantage of the opportunity to accept federal funding to preserve and expand Medicaid coverage for low-income Mainers in order to ensure the earliest possible medical interventions for cancer prevention, screening and treatment.

This proposal was supported by 9 members of the Commission and opposed by one member. One member was absent.

2. The ACA is the most significant health law to impact cancer care in decades.² The ACA includes over 100 provisions that benefit cancer patients.

Recommendation #2: The Commission recommends that the State of Maine do everything in its power to fully implement the ACA and support public awareness of its many benefits for the prevention, early detection and treatment of cancer.

The Commission recommends sending letters to the Joint Standing Committees on Health and Human Services and Insurance and Financial Services and the Commissioners of the Health and Human Services and Professional and Financial Regulation highlighting the benefits of the ACA relating to cancer, advocating for the full implementation of the new federal health care law, and addressing misinformation about the law. The Commission also recommends sending letters to Maine's major newspapers and reaching out to other media outlets.

This proposal was supported by 9 members of the Commission and opposed by one member. One member was absent.

3. The Commission finds that telemedicine may play a role in increasing access to high quality care to Maine residents.

Recommendation #3: The Commission recommends sending a letter to the Joint Standing Committee on Health and Human Services advocating for changes in State law that would enhance insurance coverage for telemedicine services – particularly if it increases access to quality health care for all aspects of cancer care – including, but not limited to, prevention, screening, treatment, palliative and survivorship care.

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

4. It is important for all residents to be able to access high value treatments. In some cases, oral chemotherapy drugs provide that opportunity.

Recommendation #4: The Commission recommends requiring health insurance policies that cover chemotherapy to include coverage for orally administered anticancer medications that is equivalent to the coverage provided for intravenously administered or injected anticancer

² <http://smhs.gwu.edu/gwci/survivorship/casnp/healthpolicy/aca>

medications without increasing patient cost sharing for chemotherapy medications to achieve this goal.

The Commission recommends sending a letter to the Joint Standing Committee on Insurance and Financial Services advocating for LD 627, "An Act Relating to Orally Administered Cancer Therapy," which proposes to require health insurance policies that cover chemotherapy to include coverage for orally administered anticancer medications that is equivalent to the coverage for chemotherapy administered intravenously or injected. As of October 2013, 27 states have enacted oral chemotherapy access laws.³

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

5. The Commission believes that a cancer patient should be able to choose between a specialty pharmacy or local community pharmacy based on what is best for the patient.

Recommendation #5: The Commission recommends sending a letter to the Joint Standing Committee on Insurance and Financial Services asking the committee to review the practice of insurers requiring that cancer patients use specialty pharmacies.

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

6. For some Maine residents, family planning clinics are their primary source of health care. Services provided at family planning clinics include pap smears for the prevention and early detection of cervical cancer, mammograms and education for the early detection of breast cancer, and colorectal cancer screening for the prevention and early detection of colorectal cancer.

Recommendation #6: The Commission supports sending a letter to the Joint Standing Committee on Health and Human Services advocating for the passage of LD 1247, "An Act to Expand Coverage of Family Planning Services," which proposes to expand Medicaid coverage for family planning services to low-income adults and adolescents.

This proposal was supported by 9 members of the Commission and opposed by one member. One member was absent.

TOBACCO PREVENTION AND CESSATION:

7. Tobacco is a major, yet preventable, risk factor for cancer. Smoking and tobacco use account for approximately 30% of all cancer deaths in the United States (U.S.) and 87% of lung cancer deaths.^{4 5} Lung cancer is the leading cause of cancer death in Maine for both men and women.⁶

³<http://www.communityoncology.org/pdfs/COC%202013%20Oral%20Parity%20CPAN%20FF0318131.pdf>

The 27 states are CA, FL, VA, LA, OR, WA, CO, NE, KS, IA, MN, IN, VT, OK, NY, NV, NM, HI, MD, CT, MA, IL, DE, MD, RI, UT and TX. (source: <http://myeloma.org/ArticlePage.action?articleId=3708>)

⁴ *Harvard Report on Cancer Prevention, Cancer Causes and Control*, November/December, 1996.

Between the annual revenue from cigarette excise taxes and the over \$50 million Maine receives each year from the MSA, the Commission finds it troublesome that the State's tobacco prevention and control program is funded at less than half of the federal Centers for Disease Control and Prevention (CDC) recommended level and that Medicaid recipients have not been receiving maximal assistance for tobacco cessation.

Recommendation #7: The Commission recommends that the State of Maine fund the tobacco prevention and control program at the level recommended by the CDC. The Commission recommends sending a letter to the Joint Standing Committees on Health and Human Services and Appropriations and Financial Affairs and the Commissioner of Health and Human Services advocating that both committees during budget deliberations look for opportunities to increase funding and State government accountability for tobacco prevention in Maine.

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

Recommendation #7-A: The Commission recommends sending a letter to the Joint Standing Committee on Appropriations and Financial Services in support of LR 2653, "An Act to Improve Education about and Awareness of Maine's Health Laws and Resources," which proposes to allocate \$5 million in funds the State will receive under the Master Settlement Agreement to enhance enforcement of current tobacco prevention and control laws, improve public education about tobacco laws and restore funds to the Fund for a Healthy Maine.

The Commission also recommends sending letters to the Joint Standing Committees on Education and Cultural Affairs, Health and Human Services and Appropriations and Financial Services and the Commissioners of Education and Health and Human Services advocating for improving evidence-based education about the risks of tobacco use in K-12 schools and among the general public.

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

8. The Commission believes tax policy can continue to play a role in lowering tobacco use in Maine. Increasing the unit price for tobacco products has been shown to reduce consumption of tobacco products, particularly among young people.

Recommendation #8: The Commission recommends sending letters to the Joint Standing Committees on Health and Human Services, Taxation, and Appropriations and Financial Affairs advocating that those committees consider, during budget deliberations, increasing the cigarette excise tax by an amount that has been demonstrated to significantly decrease cigarette use (e.g., \$1.50) and equalizing the tax on other tobacco products for the fundamental purpose of improving public health.

⁵ http://www.tobaccofreemaine.org/explore_facts/documents/Adult-Tobacco-Use.pdf

⁶ Ibid.

This proposal was supported by 9 members of the Commission and opposed by one member. One member was absent.

OBESITY PREVENTION THROUGH NUTRITION AND PHYSICAL ACTIVITY:

9. Obesity is another significant preventable risk factor for cancer. Poor adult diet and obesity account for approximately 30% of total cancer deaths in the United States.⁷ Well over half of Maine residents are either overweight or obese.⁸ Maine CDC utilizes the Community and School Grants and Statewide Coordination appropriation of the Fund for a Healthy Maine (FHM) to strengthen local public health infrastructure, address tobacco use and obesity, and improve access to health care for adolescents.⁹

Recommendation #9: The Commission recommends sending a letter to the Joint Standing Committees on Health and Human Services, Education and Cultural Affairs, and Appropriations and Financial Affairs advocating that these committees during budget deliberations look for opportunities to increase funding and State government accountability of obesity prevention in Maine. Furthermore, the Commission recommends that more of the Fund for a Healthy Maine funds be used to promote and increase healthy eating and physical activity.

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

Recommendation #9-A: The Commission recommends legislation directing the Commissioner of Health and Human Services, in collaboration with the Director of the Maine Center for Disease Control and Prevention (Maine CDC) and the Commissioner of Education, to convene a working group to develop a long-term plan to promote healthy eating and physical activity and to increase physical education. See Appendix C for suggested legislation.

This proposal was supported by 9 members of the Commission and opposed by one member. One member was absent.

Recommendation #9-B: The Commission recommends sending a letter to the Joint Standing Committee on Education and Cultural Affairs advocating that the Committee consider legislative action to increase the quality and quantity of physical education in the education curriculum and to reduce the marketing and availability of unhealthy foods and beverages in schools. The Commission also recommends sending a letter to the Commissioner of Education asking that the department do everything in its power to promote physical activity and healthy nutritional choices in schools.

⁷ *Harvard Report on Cancer Prevention, Cancer Causes and Control*, November/December, 1996.

⁸ *Nutrition, Physical Activity and Cancer: What's the Connection?*, presentation by Colleen Doyle, American Cancer Society, can be accessed at: <http://www.maine.gov/legis/opla/cancerstudy/matr1s.htm>

⁹ *Summary of The Fund for a Healthy Maine Community and School Grants and Statewide Coordination Appropriation: Commission to Study the Incidence of and Mortality Related to Cancer*, Maine CDC, November 2013, can be accessed at: <http://www.maine.gov/legis/opla/Community%20%20School%20Grants.pdf>

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

10. The Commission believes that it will take a multi-pronged strategy and assistance from many evidence-based organizations to deal with the epidemic of obesity in Maine. The Commission believes that tax policy can have a positive influence on nutritional choices among Maine residents.

Recommendation #10: The Commission recommends sending a letter to the Joint Standing Committees on Health and Human Services and Education and Cultural Affairs asking that both committees seek information from the Department of Health and Human Services, Maine CDC, Department of Education and other relevant stakeholders about how State policies, including taxes, may reduce obesity and poor nutritional choices in Maine.

This proposal was supported by 9 members of the Commission; one member abstained from voting. One member was absent.

EVIDENCE-BASED SCREENING, IMMUNIZATION AND TESTING:

11. Prevention, evidence-based screening and immunizations should remain as primary strategies for reducing Maine's cancer burden. The Commission believes that the State of Maine should continue to promote early detection and evidence-based screening as recommended by the U.S. Preventive Services Task Force (USPSTF)¹⁰ and evidence-based immunizations such as the hepatitis B virus and the human papilloma virus vaccinations. Additionally, the Commission finds that Maine CDC should consider promoting other evidence-based screening as new techniques are proven in the literature and supported by national evidence-based organizations like USPSTF.

Recommendation #11: The Commission recommends sending letters to the Governor, the Commissioner of Health and Human Services, and the Director of the Maine CDC advocating that the Maine CDC continue to support existing programs, namely the breast and cervical health programs and colorectal screening programs. The Department of Health and Human Services and Maine CDC should also seek opportunities to educate the public about the importance of cancer-related immunizations.

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

Recommendation #11-A: The Commission recommends sending a letter to the Joint Standing Committee on Health and Human Services encouraging the committee to get more information from the Maine CDC and other stakeholders about federal grant opportunities – including the status of existing grants and opportunities for potential future grants.

¹⁰ The USPSTF is an independent panel of experts in prevention and evidence-based medicine. Panelists are primary care providers, such as, pediatricians, family physicians, gynecologists/obstetricians, nurses and health behavior specialists.

12. The United States Preventive Services Task Force (USPSTF) is currently updating its lung cancer screening guidelines and the final recommendation statement is expected soon. The Commission believes that it is important to educate health care providers about the effective deployment of these new guidelines and the general public about the potential value of this new screening tool as well as the risks.

Recommendation #12: The Commission recommends sending a letter to the Joint Standing Committee on Health and Human Services suggesting that the committee convene a meeting of public and private-sector stakeholders to better understand how the new USPSTF guidelines for lung cancer screening will be promoted and implemented in Maine.

13. Radon is the second leading cause of lung cancer in the United States and is the number one cause of lung cancer among non-smokers.¹¹ Lung cancer is the leading cause of cancer death in Maine for both men and women.¹² Radon can be found in all parts of the U.S., but the rocks and soils of Maine create more radon than most other states.¹³

Recommendation #13: The Commission recommends that the Radon Program be funded and preserved. The Commission recommends sending a letter to the Joint Standing Committees on Health and Human Services and Appropriations and Financial Services advocating for General Fund funding of this program in the event that federal funding is discontinued.

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

Recommendation #13-A: The Commission recommends sending a letter to the Joint Standing Committees on Health and Human Services and Education and Cultural Affairs advocating that all public schools in Maine be tested for radon and undergo remediation, if necessary.

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

14. Arsenic is known to cause cancer and other serious health problems.^{14 15} For most people, diet and drinking water are the most important sources of exposure to arsenic. The current estimate is that one in 10 private wells in Maine has arsenic levels above the federal standard for community water supplies, and about half of Maine's population get their drinking water from a private well.

¹¹ <http://www.epa.gov/radon/healthrisks.html>

¹² *Population-based Cancer Surveillance: State Perspective*, presentation by Dr. Molly Schwenn, Maine Cancer Registry, October 25, 2013 can be accessed at: <http://www.maine.gov/legis/opla/cancerstudy/matrsls.htm>

¹³ <http://www.miaqc.org/Maine%20Citizens%20Guide%20To%20Radon.pdf>

¹⁴ <http://www.maine.gov/dhhs/mecdc/environmental-health/water/resources/arsenic.htm>

¹⁵ <http://www.cancer.org/cancer/cancercauses/othercarcinogens/intheworkplace/arsenic>

Recommendation #14: The Commission recommends sending a letter to the Joint Standing Committee on Health and Human Services suggesting that the Committee get more information about arsenic and its potential link to cancer from the Maine CDC, including their recent collaborative work with the National Cancer Institute and other research about arsenic's impact on cancer in the United States and Maine.

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

15. During the course of its work, the Commission found it difficult to get a full understanding of cancer-related prevention and treatment spending in the State of Maine.

Recommendation #15: The Commission recommends sending letters to the Joint Standing Committees on Health and Human Services and Appropriations and Financial Services suggesting that both committees seek further information and receive presentations about the Fund for a Healthy Maine fund and cancer-related spending in the State of Maine from the Department of Health and Human Services, Maine CDC. The Commission also recommends sending letters to the Commissioner of Health and Human Services and the Director of the Maine CDC advocating for more information and transparency in this regard.

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

16. The Commission finds that it had insufficient time to perform an in-depth review of all aspects of the State's above-average rates of cancer incidence and mortality and the State's current cancer prevention, early detection and treatment goals and priorities.

Recommendation #16: The Commission recommends legislation that will allow the Commission to continue its work. See Appendix D for suggested legislation.

This proposal was supported by 9 members of the Commission; one member voted neither for nor against the proposal. One member was absent.

STATE OF MAINE
126th LEGISLATURE
FIRST REGULAR SESSION

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Final Report
of the
COMMISSION TO STUDY LONG-TERM
CARE FACILITIES

December 2013

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Executive Summary

In 2013 the 126th Maine Legislature established the Commission to Study Long-term Care Facilities with the passage of Resolve 2013, Chapter 78. The resolve established the commission, specified the duties of the commission and set December 4th, 2013 as the due date for the report of the commission to the full Legislature. A copy of Resolve 2013, Chapter 78 is included as Appendix A. The deadline for the report was extended from December 4th to December 12th by vote of the Legislative Council on November 21st pursuant to Joint Rule 353, section 7.

The President of the Senate, Speaker of the House of Representatives and Governor completed their appointments during the late summer. The members include two State Senators, three State Representatives, an owner of a long-term care facility, a representative of a statewide association of long-term care facility owners, a representative of a statewide association of long-term care facilities, a city manager, a representative of the Governor's Office, and the director of Maine's long-term care ombudsman program. A copy of the membership list of the commission is included as Appendix B. The 11 member commission met on October 11th and 25th, November 8th and 15th and December 4th. All meetings were held in the Cross State Office Building in Augusta and were open to the public and broadcast through the Legislature's public Internet system.

The commission focused its work regarding long-term care facilities on adequate funding, staffing and regulatory requirements and access to nursing facility services in rural and urban areas. The 14 recommendations of the commission include: recommendations designed to assist facilities in achieving adequate reimbursement for the care of residents whose care is reimbursed by the MaineCare program; a recommendation that Maine retain the current nursing facility staffing requirements and ratios; a recommendation to address the use of consumer life insurance as a resource to pay for nursing facility care; recommendations relating to errors in Cost of Care overpayments to facilities; and recommendations for further study of long-term care. The recommendation for further study by a Blue Ribbon Commission on Long-term Care reflects an understanding that more work needs to be done to study and make recommendations on a state plan for long-term care services in the community and in facilities. The recommendation for further study by a Commission to Continue the Study of Long-term Care Facilities reflects an understanding that further review and recommendations are needed on adequate reimbursement for facilities, ensuring access in rural and urban areas and providing incentives for high quality care through the nursing facility principles of reimbursement of the MaineCare program. Specific recommendations, including the votes for each recommendation are below.

1. Rebase to 2011 and every two years. Direct the Department of Health and Human Services to amend the Principles of Reimbursement for Nursing Facilities, Chapter 101, MaineCare Benefits Manual, Chapter III, Section 67 in the direct care cost component for nursing facilities in subsection 80.3.3(1) to establish a facility's base year by reference to the facility's 2011 audited cost report, or if the 2011 audited report is not available by reference to the facility's 2011 as filed cost report, and rebase every two years thereafter. Direct the Department of Health and Human Services to amend the Principles of Reimbursement in the routine cost component in subsection

80.4.5.1 in a similar manner to the direct care cost component. Vote: 9 for, 0 against, 1 abstain.

2. Increase peer group upper limit. Direct the Department of Health and Human Services to amend the Principles of Reimbursement to increase the peer group upper limit on the base year case mix and regionally adjusted cost per day to 110% of the median in the direct care cost component in subsection 80.3.3.4(b) and in the routine cost component in subsection 80.5.4. Vote: 8 for, 2 against.

3. Repeal administrative and management ceiling. Direct the Department of Health and Human Services to amend the Principles of Reimbursement in subsection 43.4.2(A) to repeal the administrative and management ceiling in the routine cost component. Vote: 7 for, 3 against.

4. Cost of living adjustment included in budget request. Direct the Department of Health and Human Services to amend the Principles of Reimbursement in subsection 91.1 to require the Department of Health and Human Services to set the inflation adjustment cost of living percentage change in reimbursement on an annual basis and by reliance on a publicly available index such as the Consumer Price Index Medical Care Services Index and to require that budget requests submitted by the Department of Health and Human Services include that annual adjustment. Vote: 9 for, 0 against.

5. Health insurance as fixed cost component. Direct the Department of Health and Human Services to amend the Principles of Reimbursement to move health insurance costs for nursing facility personnel in subsection 41.1.7(3) from the direct care cost component and in subsection 43.4.1(16)(c) from the routine cost component to the fixed cost component in subsection 44. Vote: 6 for, 3 against.

6. Supplemental payment for high MaineCare census. Direct the Department of Health and Human Services to amend the Principles of Reimbursement to provide a supplemental payment, subject to cost settlement, to nursing facilities with a MaineCare census above 70%. The supplemental payment would provide additional reimbursement to those high MaineCare census facilities of 40 cents per resident per day for each 1% MaineCare census above 70%. The supplemental payment would be enacted on an emergency basis with payments beginning July 1, 2014. Vote: 7 for, 3 against. The minority favored a supplemental payment for nursing facilities with a Medicaid census above 70% that is identical to the majority proposal but that is not cost settled.

7. Increase acuity for dementia. Direct the Department of Health and Human Services to amend the Principles of Reimbursement in subsection 80.3.2 to increase the specific resident classification group case mix weight that is attributable to a resident who is diagnosed with dementia. Vote: 9 for, 0 against, 1 abstain.

8. Maintain current staffing ratios. Recommend that no changes be made to staffing ratios and requirements for licensed staff coverage adopted in Chapter 110, Regulations Governing the Licensing and Functioning of Skilled Nursing Facilities and Nursing Facilities, Chapter 9, subsection 9.A.3 and 9.A.4. Vote: 10 for, 0 against.

9. Support life settlement contract legislation. Recommend to the Insurance and Financial Services Committee that they consider, amend and report out favorably LD 1092, An Act to Increase the Use of Long-term Care Insurance, on life settlement policy conversion. The bill proposes to allow an owner of a life insurance policy to enter into a life settlement contract with a life care benefits company and to use the proceeds for long-term care expenses. The bill proposes amendments to the MaineCare program so that the policy and benefits under it do not disqualify the owner from eligibility for MaineCare long-term care services. Vote: 7 for, 0 against, 1 abstain.

10. Collect Cost of Care overpayments. Direct the Department of Health and Human Services to take all necessary actions to collect Cost of Care overpayments to nursing facilities and private non-medical institutions which were paid when the department's computer systems, when providing reimbursement owed by the department, failed to take into account the financial contributions paid by residents in the nursing facilities and private non-medical institutions. Vote: 10 for, 0 against.

11. Correct Cost of Care overpayments. Direct the Department of Health and Human Services to require that Molina make adjustments to the MIHMS computer system to correct and discontinue overpayments in the calculation and deduction of Cost of Care in the payment of nursing facilities and private non-medical institutions. Vote: 10 for, 0 against.

12. Cost of Care recoupment used for nursing facilities. Recommend that the first \$10 million collected from Cost of Care overpayment recoupments collected under recommendation 10 be appropriated to pay for initiatives recommended by the commission. Vote: 10 for, 0 against.

13. Continue the commission. Recommend establishing a Commission to Continue the Study of Long-term Care Facilities, based on the 2013 commission, with added duties of reporting to the Blue Ribbon Commission on Long-term Care and reviewing payment methodologies and removing the duties completed in 2013. The recommendation includes the duty to report to Legislature and to the Blue Ribbon Commission on Long-term Care by October 15th, 2014. Vote: 10 for, 0 against.

14. Establish Blue Ribbon Commission on Long-term care spectrum. Recommend establishing a Blue Ribbon Commission on Long-term Care to review the State's plan for long-term care and the provision of services in the community and in nursing and residential care facilities. The recommendation includes broad representation on the commission, funding for contracted staffing and consultant services and the duty to draft a plan for long-term care for presentation to Legislature and the Department of Health and Human Services. The recommendation also includes the duty to receive and consider recommendations from the Commission to Continue the Study of Long-term Care Facilities. The Blue Ribbon Commission must submit the report to the Legislature by November 4th, 2014. Vote: 10 for, 0 against.

**126th LEGISLATURE
FIRST REGULAR SESSION**

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**Final Report
of the
Commission to Study Transparency, Costs and
Accountability of Health Care System Financing**

December 4, 2013

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Executive Summary

In an effort to further recent state and private sector efforts aimed at expanding the availability of useful healthcare price information for consumers and address the significant challenges that remain in delivering relevant, timely and actionable information to consumers, the 126th Legislature established the Commission to Study Transparency, Costs and Accountability of Health Care System Financing. The Commission was created by Joint Order H.P. 1123 of the 126th Legislature (please see Appendix A). The Commission was composed of 4 members of the Senate and 5 members of the House of Representatives. A list of the Commission members is included as Appendix B.

The duties of the Commission are set forth in Joint Order H.P. 1123 (Appendix A). The duties include the following:

- review and evaluate current data reported by hospitals and other health care facilities in the State relating to charges, costs of providing services, revenue and other financial data and make recommendations for standardizing financial reporting to enhance transparency to the public of health care costs;
- make recommendations for changes and modifications to the current data reporting requirements so that hospitals and other health care facilities publicly report charges, negotiated rates for public and private payors, advertising fees, lobbying expenses, administrative costs and other expenses in a transparent manner;
- make recommendations for increasing transparency to the public of data relating to the costs, price and negotiated rates for health care services in an accessible manner;
- seek public input from individuals, hospitals, health care providers, insurers, 3rd party payors, government-sponsored health care programs and interested organizations; and
- consult and collaborate with stakeholders and experts in the fields of health care and health data collection policy.

The Commission held four public meetings in Augusta on September 23, 2013, October 16, 2013, October 30, 2013 and November 20, 2013. All meetings were open to the public and were broadcast by audio transmission over the Internet. Although this report contains several appendices, additional resources and background materials (including materials submitted by panelists); are available at the following website:
<http://www.maine.gov/legis/opla/healthcareaccountability.htm>

Due to the significant breadth and complexity of the issues identified in the Joint Order surrounding health care price transparency and health data collection policy, the Commission determined that it would most effectively use its time by focusing in on ways that the Legislature could advance and strengthen ongoing state and private sector efforts surrounding health data and consumer access to cost and quality information and increase collaboration among stakeholders. The Commission also focused its discussions primarily on improving price transparency and consumer access to cost and quality information relating to “shoppable” procedures, or non-emergent care, where consumers have time to research and compare price and quality data in a

manner that will inform their decision-making process. In addition, the Commission recognized that there are complex and evolving changes to the health care system relating to the expansion of insurance coverage under the Patient Protection and Affordable Care Act (PPACA), as well as global payment schemes for providers, which will be going into effect in 2014. The impact of the PPACA is extensive and beyond the scope of the Commission's work, however, for further information on the PPACA and Maine's health insurance market, please see the Maine Health Exchange Advisory Committee's website at:

<http://www.maine.gov/legis/opla/healthexchresources.htm>

During the course of the Commission's work, the following themes emerged which guide the Commission's recommendations:

- There continue to be significant barriers to health care price shopping that limit the ability of both the uninsured and the insured's ability to effectively compare the cost of health care procedures;
- Information on the quality of health care is difficult to find; and
- Maine Health Data Organization, HealthInfoNet and Maine Health Management Coalition have health care data on Maine health care consumers and more data is becoming available to these entities which will greatly advance health care transparency initiatives in Maine.

The Commission to Study Transparency, Costs and Accountability of Health Care System Financing unanimously supports the following findings and recommendations:

FINDINGS:

Maine has been a national leader in enacting health care price transparency initiatives, having created the first all payor claims database in the country. In spite of the significant work that has been done in this arena, the Commission finds that Maine consumers still lack adequate access to health care pricing information and there remains a significant need for consumers to have a greater voice in the health care decision making process. The Commission finds that there needs to be greater public awareness and education on how health care prices impact all consumers, and greater efforts to make meaningful improvements to the data to make it more accessible. To that end, the Commission finds that there are significant multi-stakeholder collaborative efforts underway between the Maine Health Data Organization (MHDO), Health InfoNet (HIN), Maine Health Management Coalition (MHMC), Maine Quality Counts and other stakeholders to find innovative ways to improve the quality of our health care delivery system by aligning efforts among health care entities, increasing access to health care data, and improving shared decision-making between providers and patients. The Commission also recognizes the significant collaborative efforts underway between MHDO and HIN surrounding health care data and data integration, as well as the organizations' efforts to determine how the data is operationalized to best serve the needs of patients, providers and payors in the near future. The efforts of MHDO and HIN will greatly inform the next phase of health care transparency initiatives.

In addition, the Commission finds that MHDO is working with multiple stakeholder groups to improve consumer access to the MHDO Health Cost data and website, which starting in January, will have upward of 200 searchable procedures available for consumers to research. The Commission finds that the efforts of these stakeholders will be key to further strengthen these public-private partnerships and enhance the accessibility of health data for all consumers in the near future. The Commission recognizes that these efforts are being undertaken in the larger framework of the State's federally funded State Improvement Model Grant (SIM), a federal grant awarded to Maine in the amount of \$33 million to implement its State Health Care Innovation Plans. The State Improvement Model Grant is designed to use all of the leverage available to transform the health care delivery system through multi-payer payment reform and other state-led initiatives. For further information on the SIM initiative, please see the Department of Health and Human Services website at <http://www.maine.gov/dhhs/oms/sim/#EI>.

RECOMMENDATIONS:

- The Commission supports the overall goal of requiring health care entities to maintain a price list for patients at the point of service (applied at the unit at which things are billed, such as the individual practice level) that includes their most frequently provided health care services. The requirements would be constructed in a manner so as to apply to small practices and hospitals, meeting the needs of patients while balancing the needs of the health care entity.
- The Commission also recommends changes to the law that would require pharmacies, providers and hospitals, to provide consumers, upon request, with a tailored cost estimate for any non-emergent services associated with that specific entity's services. The Commission recognizes that the provider should only be responsible for identifying that provider's specific costs for which they have access to complete cost information (See draft legislation in Appendix E).
- The Commission supports the broad goal of finding ways to provide patients without access to the internet a means to access cost data on Maine Health Data Organization's HealthCost website.
- The Commission also supports efforts to further educate all providers on Maine Health Data Organization's HealthCost website so that providers can refer patients who are interested in researching costs related to their procedures to this portal. The Commission recommends that legislation be submitted to the Second Regular Session of the 126th Legislature that directs health care practitioners to expand public awareness of the Maine Health Data Organization and its HealthCost website by displaying at providers' offices information on the Maine Health Data Organization and how consumers can become more informed of the costs associated with "shoppable procedures" prior to making their healthcare decisions. Providers must be educated on the information available on Maine Health Data Organization's HealthCost website.
- The Commission also recommends legislation to amend the current statutory provisions governing the information that hospitals and ambulatory surgical centers are currently required to make available to consumers pursuant to Title 22 MRSA section 1718, by adding the requirement that these entities post in a publicly-available and accessible location a notice informing consumers of their ability to request and receive information on the average charges for any inpatient service or outpatient procedure provided by the hospital or surgical

center upon request (See draft legislation in Appendix E). The Commission discussed issues related to enforcement of this provision; however the Commission did not have sufficient information on enforcement options to include a recommendation on this issue at this time.

- The Commission also recommends that legislation be submitted to the Second Regular Session of the 126th Legislature to amend the annual statutory reporting requirements for the Maine Health Data Organization (MHDO) to include language that will require the MHDO to include in its report an update on its collaborative efforts with other health data organizations, including HealthInfoNet and Maine Health Management Coalition, to improve consumer access to information on healthcare quality and price through healthcare transparency initiatives in this State. The report must include updates on all collaborative grants with HealthInfoNet and Maine Health Management Coalition, including the State Improvement Model Grant. The Commission also recommends that the statutory provisions governing the MHDO annual report be amended to require that the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters, in addition to the joint standing committee having jurisdiction over health and human services matters, be provided with a presentation of the annual report. The Commission supports the goal that MHDO, HealthInfoNet and Maine Health Management Coalition work collaboratively to meet the goals identified in this report and overcome challenges in funding, as well as other barriers to collaboration, by 2016. It is the Commission's goal that the work of the SIM subcommittee, as well as the work being performed by MHDO, will inform how the State can best leverage its assets and create the best outcomes for integrating and enhancing health care transparency initiatives (See draft legislation in Appendix E).

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**STATE OF MAINE
126TH LEGISLATURE
FIRST REGULAR SESSION**

**Eighth Annual Report
of the
RIGHT TO KNOW ADVISORY COMMITTEE**

January 2014

Members:

**Sen. Linda M. Valentino
Rep. Kimberly Monaghan-Derrig
Perry Antone Sr.
Percy Brown Jr.
Richard Flewelling
Suzanne Goucher
Frederick Hastings
Mal Leary
William Logan
Mary Ann Lynch
Judy Meyer
Christopher Parr
Linda Pistner
Harry Pringle
Luke Rossignol**

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<http://www.maine.gov/legis/opla/righttoknow.htm>**

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EXECUTIVE SUMMARY

This is the eighth annual report of the Right to Know Advisory Committee. The Right to Know Advisory Committee was created by Public Law 2005, chapter 631 as a permanent advisory council with oversight authority and responsibility for a broad range of activities associated with the purposes and principles underlying Maine's freedom of access laws. The 16 members are appointed by the Governor, the Chief Justice, the Attorney General, the President of the Senate and the Speaker of the House of Representatives. More information is available on the Advisory Committee's website: <http://www.maine.gov/legis/opla/righttoknow.htm>. The Office of Policy and Legal Analysis provides staffing to the Advisory Committee while the Legislature is not in session.

By law, the Advisory Committee must meet at least four times per year. During 2013, the Advisory Committee met on July 24, October 3, November 12 and December 17. The Advisory Committee established the Legislative Subcommittee, the Public Policy Subcommittee and the Public Records Exceptions Subcommittee to assist it in conducting its work. All three subcommittees held meetings and made recommendations to the Advisory Committee.

The Advisory Committee was very fortunate to have the services of a Legal Extern of the Maine School of Law. Stephen Wagner, currently a second year student at the Law School, worked with the Advisory Committee during the first semester of the 2013-2014 school year.

As in previous annual reports, this report includes a brief summary of the legislative actions taken in response to the Advisory Committee's January 2013 recommendations and a summary of relevant Maine court decisions from 2013 on the freedom of access laws.

For its eighth annual report, the Advisory Committee makes the following recommendations, although not all the recommendations are unanimous:

- ☐ **Enact legislation to add an IT professional to the membership of the Right to Know Advisory Committee**
- ☐ **Communicate to the Joint Standing Committee on Veterans and Legal Affairs about the public records exception in Title 28-A, Section 755 relating to business and financial records of liquor licensees**
- ☐ **Continue without modification, amend or repeal the existing public records exceptions in Title 26 through 39-A**
- ☐ **Make no change to the confidentiality provision in the sentinel events reporting law**
- ☐ **Repeal the Community Right-to-Know Act because the program has never been implemented and public information is available through other means**
- ☐ **Establish a future process for review of public records exceptions**

- ☐ Enact legislation authorizing the use of technology to permit remote participation in public meetings (divided report)
- ☐ Enact legislation to address overly burdensome FOAA requests
- ☐ Enact legislation to amend Public Law 2013, chapter 350 concerning deadlines and appeals (divided report)
- ☐ Enact legislation to align the annual reporting date for the Public Access Ombudsman with the annual reporting date for the Right to Know Advisory Committee
- ☐ Communicate to the State and Local Government Committee about issues identified by the Registers of Deeds relating to the redaction of social security numbers from filed documents

In 2014, the Right to Know Advisory Committee will continue to provide assistance to the Judiciary Committee relating to proposed legislation affecting public access and the recommendations of the Advisory Committee for existing public records exceptions in Titles 26 through 39-A.

The Advisory Committee looks forward to a full year of activities and working with the Public Access Ombudsman, the Governor, the Legislature and the Chief Justice of the Maine Supreme Judicial Court to implement the recommendations contained in its eighth annual report.

Governor's Office of Policy and Management

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Executive Department

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PAUL R. LEPAGE
Governor

RICHARD W. ROSEN
Director

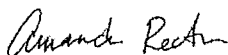
January 15, 2014

Speaker Mark W. Eves, Chair
President Justin L. Alfond, Vice-Chair
Members, Legislative Council of the 126th Legislature
Maine Legislature
115 State House Station
Augusta, Maine 04333-0115

Dear Speaker Eves and President Alfond,

I am pleased to provide the annual progress report on Public Law 2005, Chapter 2 (also known as "LD 1") in accordance with 36 MRSA §7302. Attached is an executive summary. The full report along with previous reports and related materials are available online at:
<http://www.maine.gov/economist/ld1/index.shtml>.

Sincerely,



Amanda Rector
State Economist
Governor's Office of Policy and Management

Cc: David Boulter, Executive Director

Speaker of the House
Mark Eves

2013 Tax Levy Limit Progress Report

Executive Summary

Prepared by:
Governor's Office of Policy and Management
181 State House Station
Augusta, Maine 04333-0181
207-287-2873
<http://www.maine.gov/economist>

January 2014

Authors and contributors to this report include:

Amanda Rector, State Economist

Thank you to those who contributed to the preparation of this report: countless local and county officials who provided data and technical guidance, Michael Allen and David Ledew (Maine Revenue Services), Paula Gravelle and Suzan Beaudoin (Maine Department of Education), Grant Pennoyer (Maine State Legislature, Office of Fiscal and Program Review), and Kate Dufour (Maine Municipal Association).

The full report is available online at <http://www.maine.gov/economist/ld1/index.shtml>

Printed under Appropriation # 010 07A Z135 01

Executive Summary

In January 2005, Governor John E. Baldacci signed into law LD 1: An Act to Increase the State Share of Education Costs, Reduce Property Taxes and Reduce Government Spending at All Levels (Public Law 2005, Chapter 2). The goal of LD 1 is to lower Maine's state and local tax burden ranking to the middle one-third of states by 2015. The Office of Policy and Management (OPM) annually reports on the progress made by the state, counties, municipalities, and school administrative units toward reaching the tax burden reduction goal. This report was previously issued by the State Planning Office (SPO).

In the first LD 1 report, released in January 2006, the University of Maine's Dr. Todd Gabe stated, "The ultimate success of LD 1 at lowering the tax burden in Maine will be determined, at least in part, by its ability to reduce the growth of state and local government." Below, for each level of government, two simple questions are used to assess progress toward the LD 1's tax burden reduction goals: "Is aggregate spending within the LD 1 limit?" and "Is aggregate spending growing at a slower rate than in pre-LD 1 years?" Within the report, each level of government's spending and/or tax revenue is investigated in greater depth.

State

General Fund Appropriations within LD 1 Limit?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Appropriations Growth Compared to Pre-LD 1 Years:	Lower	<input checked="" type="checkbox"/>	Higher	<input type="checkbox"/>

For the ninth year in a row, growth of the state's General Fund appropriations has remained below the limit set by LD 1. General Fund appropriations in FY 2014 were \$452 million (12.5%) below the limit. General Fund appropriations grew 3.0% from FY 2013 to FY 2014, which is the second smallest increase since the tax levy limit law took effect. The average annual growth for the ten years prior to LD 1 was 5.4%. In FY 2012, total appropriations grew 9.0% due in large part to the expiration of federal funding from the American Recovery and Reinvestment Act of 2009 (ARRA) on June 30, 2011, and accounting for an additional \$63.6 million for GPA.

Municipalities

Combined Property Tax Levy within LD 1 Limit? Yes ☒ No ☐
Combined Tax Levy Growth Compared to Pre-LD 1 Years: Lower ☒ Higher ☐

For the ninth year in a row, survey-based estimates show the aggregate municipal property tax levy was below the aggregate LD 1 limit. 65% of municipalities in this year's sample stayed within their municipal property tax levy limit, down from a record of 75% of the sample in 2012. Based on preliminary data from Maine Revenue Services (MRS), aggregate municipal property tax commitments grew by a rate of 4.8% in 2013, which is higher than last year but below rates in years before LD 1. Overall, property tax commitment growth in 2013 remained below pre-LD 1 years. In the three years prior to LD 1, annual commitment growth ranged from 5.2% to 6.9%.

School Administrative Units

Appropriations within LD 1 Limit? Yes ☐ No ☒
Appropriations Growth Compared to Pre-LD 1 Years: Lower ☒ Higher ☐

As in previous years, K-12 schools exceeded appropriations targets set by LD 1, which uses the Essential Programs and Services (EPS) model of school funding to set targets for the amount of property taxes raised for local education. The LD 1 limit for schools is 100% of EPS, but some school units might be exceeding 100% of EPS by small margins in order to provide programs and some services that are not recognized as essential in the EPS benchmark cost calculation: extracurricular activities including sports and transportation to events, Advanced Placement classes offered at some high schools, unique onetime costs incurred for facilities improvements, and even in some cases local tax dollar support for school lunch programs.

The number of local schools exceeding their limit (86.8% of this year's sample) increased from last year as did the amount by which they exceeded EPS. Fewer schools than last year (10.8% of this year's sample) were under 100% of EPS. Total state and local K-12 appropriations increased 3.3% in FY 2014. At the same time, K-12 public school enrollment declined 0.6% in FY 2014 and a total of 8.6% since FY 2007.

Counties

Combined Assessments within LD 1 Limit? Yes ☒ No ☐
Combined Assessment Growth Compared to Pre-LD 1 Years: Lower ☒ Higher ☐

Counties stayed within their combined LD 1 limit in 2013. County assessments were \$1.4 million (1.0%) below the limit. Overall, assessments increased 3.8% from 2012, which was the largest annual growth rate since county jail assessments were capped at 2008 levels.

Individually, nine counties stayed within their limits and seven surpassed them, with one county voting to exceed the limit.

**Final Report
of the
Commission to Establish a Competitive Bidding Process for the
Operation of Future Casinos and Slot Machine Facilities**

January 2014

Commission members:

- Senator John L. Patrick, Co-chair
- Senator Garrett P. Mason
- Chief Brenda Commander, Houlton Band of Maliseet
- Chief Richard Getchell, Aroostook Band of Micmacs
- Robert Drisko
- Donald Simoneau
- Goodwin Gilman
- Sharon Terry
- Donald Barberino
- Catherine Damren
- Representative Louis J. Luchini, Co-Chair
- Representative Michael G. Beaulieu
- Chief Joseph Socobasin, Passamaquoddy Tribe
- Representative Wayne T. Mitchell, Penobscot Nation
- John Osborne
- Jack Sours
- Professor Todd Gabe
- Dennis Bailey
- Carroll Conley
- Peter Connell

Report prepared by:
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Background

The Commission to Develop a Competitive Bidding Process for the Operation of Future Casinos and Slot Machine Facilities was established by Public Law 2011, chapter 699. The Commission was created as part of a larger bill considered during the Second Regular Session of the 125th Legislature, LD 1897 An Act Regarding the Issuance of Licenses by the Gambling Control Board and To Establish a Competitive Bidding Process for the Operation of Slot Machines and Table Games in the State. LD 1897 was introduced primarily as the result of the work of a subcommittee of the Veterans and Legal Affairs Committee, which was tasked with developing a comprehensive policy governing the licensing of casino-style gaming in the State.

Immediately prior to 2003, the year when voters of the State approved the operation of slot machines at commercial tracks as proposed by a citizen-initiated referendum campaign, Maine's gambling policy stated that gambling for profit and the promotion of gambling is illegal with the following exceptions:

- Games operated by The Maine State Lottery, including games under a tri-state compact with New Hampshire and Vermont;
- Wagering on harness horse racing at commercial tracks, agricultural fairs and at licensed off-track betting facilities;
- Charitable gaming, including beano and other games of chance, conducted by bona-fide charitable non-profits, civic organizations and veterans groups with gaming proceeds to benefit charitable purposes; and
- High-stakes beano conducted by federally recognized Indian tribes in the state on tribal land.

The successful referendum in 2003 was preceded by multiple failed attempts to legalize the operation of slot machines in Maine. In fact, on the same ballot in 2003, voters were asked to consider a proposal for a larger-scale casino to be operated in Sanford (also a citizen initiated referendum). This proposal the citizens of Maine rejected. The specifics of the approved legislation authorized the operation of slot machines at commercial harness racing tracks, to be known as "racinos." As is the case today, there are two commercial harness racing tracks in Maine, one in Bangor and one in Scarborough. Thus, the legislation provided the potential for 2 racinos. One of the criteria for licensure was local approval via municipal referendum in the town or city where the commercial track was located. The deadline for receiving that approval was December 31, 2003, in accordance with the law. The people of the City of Bangor voted to approve a racino, unlike the voters of Scarborough, who voted against allowing a racino in their town.

Although, the racino referendum was successful, many were critical of the regulatory structure outlined in the legislation, citing it as significantly lacking to monitor an activity that typically requires stringent fiscal and social safeguards. Thus, the Legislature enacted LD 1820

(PL 2003, chapter 687) introduced by Governor Baldacci during the Second Regular Session of the 121st Legislature. This law established the Gambling Control Board within the Department of Public Safety and created the licensing and regulatory structure that is in place today to govern the operation of slot machines (and later, table games). In 2011, the proponents of a casino in Oxford County used this structure as a model for its initiative, the only other approved by the voters since 2003.

By the time the voters approved a casino in Oxford County, it became clear that casino-style gaming in Maine was a significant economic driver for the operator, and the multiple beneficiaries of gaming revenue named in law, including the State's General Fund. In 2009, the gross amount wagered on slot machine games at Hollywood Slots in Bangor (now Hollywood Casino) exceeded \$690,000,000 (before prize payouts). Distributions made to the various entities and funds required by law exceeded \$27,000,000 with just over \$8,500,000 going directly to the General Fund. For 2009, Hollywood Slots reported that after statutory distributions, a municipal revenue sharing agreement with Bangor and other taxes, the facility realized revenues just under \$30,000,000.

Recognizing the financial success of the racino, there was growing concern expressed by some members of the Legislature that the license fee which authorized the operation of the racino was disproportionately low. That concern, paired with the fact that the Oxford County casino initiative used the existing structure as a model (including the license fee), prompted the call for a new framework that would require significantly higher license fees and provide greater revenue to the General Fund and programs of priority to the Legislature. Supporters of a new framework argued that the State's gambling policy was being determined by the citizen initiative process, funded by gambling interests looking for an "end-run" around the legislative process and that the Legislature should be the one to set that policy. Without dismissing the possibility that future citizen initiative campaigns could promote gambling legislation that repeals or "notwithstands" a law passed by the Legislature, supporters of a comprehensive gaming framework believed that it is the responsibility of the Legislature to develop a well-informed policy on an issue of such public importance.

In 2012, during the Second Regular Session of the 125th Legislature, a subcommittee of the Veterans and Legal Affairs Committee was established to consider the development of a proposal for a comprehensive gaming policy that would govern the licensing and operation of future casinos or slot machine facilities, among other gambling-related issues. Chaired by Rep. Linda Valentino (now Senator), the subcommittee proposed a moratorium prohibiting the Gambling Control Board from issuing a license for a slot machine facility, casino or similar facility unless the applicant had been selected by a competitive bidding process administered by the Department of Administrative and Financial Services. The bill set a privilege fee of \$250,000 to submit a bid and a minimum cash bid of \$5,000,000 to be considered as an applicant. The bill stated that this process was only to be followed if separate legislation was enacted into law authorizing a new license for a facility where slot machines or table games would be operated. This bill, LD 1897 was amended in committee and further amended on the floor of the House of Representatives and the Senate. As enacted, the bill maintained the licensing moratorium with the exception of a slot facility license for a federally recognized Indian Tribe in Washington County, authorized to

conduct high-stakes beano. The bill also established this commission, whose work is summarized in this report.

Authorizing Legislation

Public Law 2011, chapter 699 created Commission to Establish a Competitive Bidding Procedure for the Operation of Future Casinos and Slot Machines made up of 20 members:

- Two members of the House of Representatives and members of the Senate who serve on the Joint Standing Committee of the Legislature with jurisdiction over casinos (VLA);
- One representative from each of the four Federally recognized Indian Tribes in the State;
- One person representing charitable non-profits that conduct gaming;
- One person representing veterans' organizations that conduct gaming;
- One person representing the harness horse racing industry;
- A representative of a commercial harness horse racing track not authorized to operate slot machines;
- A representative of each of the licensed casinos operating in the State;
- An off-track betting facility operator in the State;
- Representatives of 2 groups opposed to casino operation in the State, one from a statewide religious organization;
- A representative of the hospitality industry;
- A representative of agricultural fairs in the State; and
- An economist or consultant with experience studying the gambling industry.

The commission was charged with the following duties:

- Examine the impact of existing casinos on local economies and the state economy overall and any impacts on other forms of legal gambling conducted in the State;
- Examine the impact of the establishment of casinos in Massachusetts and New Hampshire and neighboring Canadian provinces on the State economy and on revenue generated by existing casinos in Maine;
- Gather information to determine the potential market for new gambling opportunities in the State;
- Consider the feasibility of the licensing of expanded gambling activities (such as slot machines and table games) by groups currently eligible to conduct games of chance, beano, high-stakes beano and those licensed to accept wagers on harness horse racing; and
- Develop recommendations for a competitive bidding process for a slot machine facility or casino with a minimum bid privilege fee of \$250,000 and a minimum cash bid of \$5,000,000 (deviation from these minimums permitted if the factors of geography and demographics of the location warrant deviation)

Chapter 699 authorized up to 6 meetings and tasked the Department of Administrative and Financial Services with staffing the commission and provided for drafting assistance by the Office of Policy and Legal Analysis. The commission held 4 meetings. Although DAFS was named as staff to the commission pursuant to chapter 699, the department submitted a letter to the chairs of the commission expressing concern that they may not be able to provide the level of staffing

required for the commission to meet its charge. In response to that concern, the Legislative Council submitted a letter to DAFS on September 27th, stating that they had decided to assign a legislative analyst from the Office of Policy and Legal Analysis (OPLA) to provide primary staffing to the commission. Thus, an OPLA analyst served as primary staff for the final meeting of the commission and drafted this report. DAFS continued to provide administrative assistance maintaining a website for the commission and drafting meeting summaries. The commission was charged with submitting findings and recommendations, no later than February 15, 2015, to the Veterans and Legal Affairs Committee who is authorized to submit legislation to the Second Regular Session of the 126th Legislature.

Summary of commission meetings

The commission held 4 meetings in Augusta on July 26th, September 6th, September 27th, and October 24th, 2013. Agenda for each of the meetings and copies of the meeting summaries can be found on the website maintained by the Department of Administrative and Financial Services at <http://www.maine.gov/dafs/gamingcom>.

July 26, 2013: The first meeting of the commission included a review and discussion of the statutory responsibilities outlined for the commission in chapter 699. Each member in attendance talked about the group for whom they were appointed to represent and the objectives they believed were important to achieve as the commission moved forward with its work. Some of those objectives included determining the market feasibility of expanded gaming in Maine, particularly considering the recent passage of legislation in Massachusetts authorizing 4 regional gaming facilities (3 casinos and 1 slot facility) and the push for casino gambling in New Hampshire. Some members expressed their interest in focusing on taking advantage of the market in Southern Maine by considering the option for a four season resort casino, particularly in light of the potential for casino development in New Hampshire. Members representing Indian Tribes in the State stressed the need for added opportunities to improve economic conditions in their communities, including gambling because it has proven successful for Tribes in other parts of the country. Members representing veterans organizations and non-profits who conduct charitable gaming discussed the decrease in gambling revenues they are experiencing with the expansion of the lottery and the advent of large casinos in the State and urged the commission to consider various forms of gaming expansion including smaller scale changes, such as the authorization of 5 or fewer slot machines at places like an Elks Lodge or an American Legion Hall. Continued support for the harness racing industry was a priority expressed by several members, stressing the industry's role in the Maine's agricultural heritage. Legislative members stated the importance of understanding the potential market for expanded gaming and the impact casinos and other gambling facilities located in neighboring states and provinces will have on existing or future gaming operations in Maine.

Also at this initial meeting, members were encouraged to share information and resources that they believed would be beneficial to the commission. A website was established for this purpose to which various articles and studies were posted throughout the course of the commission's work. <http://www.maine.gov/dafs/gamingcom>

fairs that do not have live racing. According to Mrs. Damren, the harness racing industry is not only crucial to the survival of the fairs but to Maine's agricultural economy. She believes a gaming facility at a track in southern Maine is what is required to secure the industry's future which will, in turn, maintain the fairs and the agricultural economy. She stated that the fairs feel strongly that the commission should develop a plan to license additional gaming establishments in Maine that specifies license fees and requires a guarantee about development of the facility and includes a similar revenue distribution formula to what Hollywood Casino has today. She indicated that the fairs support County referendum votes to qualify a casino, but not a state-wide vote.

Mr. Peter Connell, representing the hospitality industry: Mr. Connell, who works for Ocean Properties, began his remarks talking about the successful history his employer has had in Maine developing and operating premier hospitality establishments. He went on to comment that the overall policy in the State with regard to gaming is unfair to Maine's federally recognized Indian Tribes, to veterans groups and fraternal charitable organizations. He supports a new framework that creates opportunities in a fair manner and also maximizes the potential for gaming revenue in Maine. Mr. Connell warned the commission about developments in New Hampshire to support a casino and a law that will allow casino development in Massachusetts by stating that Maine needs to act quickly to keep the state's untapped potential gaming revenue within our borders. Mr. Connell also took issue with a recent study by Dr. Clyde Barrow saying that the scope of the study is limited, and the study does not differentiate between resort destination casinos (like he supports in Southern Maine) and facilities like Hollywood Casino and Oxford Casino which he deems "convenience casinos." A facility like the proposed Biddeford Downs would be a true destination resort according to Mr. Connell, partly because of its proximity to Maine's premier beaches which draw a huge number of tourists to the State. Mr. Connell provided the commission with a memo in response to Dr. Barrow's study and another memo that looks at the potential revenue from a gaming facility in Southern Maine.

Written materials provided to the commission as part of member presentations can be viewed on the DAFS website:

<http://www.maine.gov/dafs/gamingcom/minutes/meeting20131024.html>

CONCLUSION

The Commission to Develop a Competitive Bidding Process for the Operation of Future Casinos and Slot Machine Facilities held 4 meetings from July – October 2013. Each member of the commission was provided an opportunity to talk about how Maine's existing gaming structure impacts the groups that they were appointed to represent and what they hope to see with regard to proposals for expanded gaming in the State. At the third meeting of the commission a motion was made proposing that the commission recommend that the Veterans and Legal Affairs Committee support statutory changes to allow for the following (taken directly from the 7-part motion made September 27, 2013):

1. *Applications for a Southern Maine destination resort racino with table games be accepted by the Gambling Control Board for licensure;*
2. *An application that would allow the Passamaquoddy Tribe to operate slot machines and table games in Washington County be accepted by the Gambling Control Board;*
3. *Allow the Penobscot Nation, the Houlton Band of Maliseet, the Aroostook Band of Micmacs, and the Passamaquoddy Tribe, who are allowed to operate high-stakes beano games currently, to operate high-stakes electronic beano;*
4. *An application that would allow the Houlton Band of Maliseet to operate slot machines and table games in Aroostook County be accepted by the Gambling Control Board;*
5. *Advance deposit wagering for harness racing be authorized at existing off-track betting facilities and commercial harness racing tracks in the State of Maine;*
6. *Applications for qualified non-profit and veteran's organizations to operate and/or generate income from slot machines, be accepted by the Gambling Control Board for licensure; and*
7. *Expanded gambling opportunities for persons or groups who are eligible for existing gaming licenses should be identified and implementation allowed."*

The motion passed by a vote of 10-8.

Mr. Connell	yes	Sen. Patrick	no
Rep. Mitchell	yes	Rep. Luchini	no
Chief Getchell	yes	Rep. Beaulieu	no
Chief Socobasin	yes	Mr. Simoneau	no
Mr. Barberino	yes	Mr. Sours	no
Mrs. Damren	yes	Mr. Conley	no
Ms. Terry	yes	Mr. Bailey	no
Chief Commander	yes	Mr. Osborne	no
Mr. Drisko	yes		
Mr. Gilman	yes		

Professor Todd Gabe stated that he does not take a position on gaming proposals and thus abstained from voting on the motion. Sen. Mason, who was not in attendance on September 27th indicated his opposition to the motion at the commission's October 24th meeting.

Following this motion for a recommendation to the Veterans and Legal Affairs Committee, members were provided the opportunity to offer additional information and speak to their position with regard to the 7-part proposal. Members in support of the proposal spoke to the benefits to their groups, the overall benefits to the economy and to the principle of fairness that expanded opportunities for gaming could provide. Those in opposition believe that the motion was made prematurely, without the benefit of reasonable data collection and analysis of the market for expanded gaming in the Maine, particularly in light of regional casino development and without due consideration of the impact on existing gaming conducted in the State.



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November 18, 2013

By Email: douglas.e.cotnoir@maine.gov

Mr. Douglas Cotnoir, CPA, CIA
Deputy State Controller
Office of the State Controller
14 State House Station
Augusta, ME 04333-0014

RE: VS0000015056/Contract #20120717*272

Dear Doug,

Attached is a summary findings report regarding the accounts payable review of the Overpayment Recovery Audit completed by our subcontractor, APR, under the Agreement to Purchase Services, between the State of Maine and our firm, dated July 16, 2012, as amended on April 22, 2013.

The findings involved a very small recovery, which indicates that the State's accounts payable controls are working as designed and that we do not have improvements or control corrections to suggest in that regard. Having said that, the summary findings report includes some general accounts payable best practice measures for your review, although we recognize that most, if not all, likely are being utilized effectively given the minimal review findings.

Feel free to contact me with any questions. Thank you very much.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Sherri'.

Sherri L. Ledner

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www.CRAAsaves.com

Audit Summary By Type: StateofMaine12

Item	Vendor Name	Vendor ID	Date	Description	Ref Dte	Claim Amount
CRRT	CONSOLIDATED ELECTRICAL DISTR	VC1000033049	5/7/2013	Credit issued against invoice 4997-496610 paid on check 3533402. Original credit amount was \$167.29 but part applied to past due debits so net remaining open is \$153.79. Verification, data cut and credit copy provided.	11/17/2009	\$153.79
CRRT	CONSOLIDATED ELECTRICAL DISTR	VC1000033049	5/7/2013	Credit issued against invoice 5965-580124 paid on EFT 201103171941577. Verification, data cut and credit copy provided.	3/9/2011	\$60.60
CRRT	HAMMOND LUMBER CO	VC1000034540	4/28/2013	Credit memo 90100937 open on account for 11.86 for order number 90103568. Original amount of credit was 12.48 but 0.62 was applied to open balance. Credit is on account to use against open invoices. See attached confirmation. No data cut available.	6/24/2011	\$11.86
CRRT	HAMMOND LUMBER CO	VC1000034540	4/28/2013	Open credit memo number 50498973 for 71.48 for returns on order number 50493633. Credit is open on account to use against open invoices. See attached confirmation and data cut.	12/24/2011	\$71.48
CRRT	SYSCO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 14: Misc Old credits carried over from an old system. Vendor created a credit memo dated July 5, 2012 which is outside of the scope of the audit but the actual dates of the credits are all prior to June 30, 2012. No backup or details due to age. Verification and credit copy provided.	6/30/2012	\$1,016.33
CRRT	SYSCO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 5: Credit issued against invoice 6140431 10140951 paid on check 1620203081. Verification and credit copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	11/15/2010	\$60.55
CRRT	SYSCO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 6: Credit issued against invoice 10280825 paid on check 1620203118. Verification and credit copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	11/15/2010	\$15.92
CRRT	SYSCO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 9: Credit issued against invoice 108279115 paid on check 6340366. Verification, credit copy and data cut provided.	9/30/2011	\$60.09
CRRT	SYSCO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 10: Credit issued against invoice 109081022 paid on check 1620203573. Verification and credit copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	10/14/2011	\$89.76
CRRT	SYSCO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 1: Credit issued against invoice 6140431 paid on check 1620202886. Verification and credit copy provided.	7/15/2010	\$19.61

No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.

CRRT	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 2: Credit issued against invoice 7120527 paid on check 1620202938. Verification and credit copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	8/15/2010	\$92.74
CRRT	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 4: Credit issued against invoice 10071027 paid on check 1620203069. Verification and credit copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	11/15/2010	\$183.47
CRRT	TRANE U.S., INC..	VC1000002971	6/18/2013	ROW 1: Open credit memo 11300798 dated 10/27/10 for returns on invoice 11060908 dated 9/2/10 paid on check 5209775 dated 10/7/10. Vendor is sending refund for open credit balances totaling 889.33. See attached confirmation, data cut and credit memo.	10/27/2010	\$613.02
CRRT	TRANE U.S., INC..	VC1000002971	6/18/2013	ROW 4: Open credit memo number 21278392 for returns on invoice number 21208273 dated 10/7/11 paid in full on check number 201111042291509 dated 11/4/11. Vendor is sending refund for open credit balances totaling 889.33. See attached confirmation, data cut and credit memo.	10/26/2011	\$17.00
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order S005312965 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	5/4/2012	\$488.30
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 13530944 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction; however, the amount remaining is less than what is indicated on the credit memo, as a portion has already been applied. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/25/2011	\$268.65
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 791339000 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	2/18/2011	\$148.15
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 226360001 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	7/1/2011	\$249.99
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 737726003 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	2/3/2012	\$258.25

CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 677564000 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	1/12/2011	\$146.00
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order/Invoice W75794000 dated 8/20/10 was paid via check 5105195 dated 9/10/10; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/4/2011	\$755.40
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 345810001 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	3/15/2012	\$651.08
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order SMM406001 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	1/12/2011	\$165.40
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order S005191189 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/28/2012	\$384.82
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 654918002 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	2/3/2012	\$172.00
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 838735000/Invoice 838735-000 dated 6/1/11 was paid via check 6105057 dated 6/25/11; however, product was returned. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction; however, the amount remaining is less than what is indicated on the credit memo, as a portion has already been applied. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	6/8/2011	\$154.56
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order W09209000 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction; however, the amount remaining is less than what is indicated on the credit memo, as a portion has already been applied. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	9/26/2011	\$126.38
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 13202071/Invoice 202071-000 dated 2/11/11 was paid via check 5726643 dated 3/11/11; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	3/31/2011	\$269.98

CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order/Invoice 567710000 dated 4/13/11 was paid via check 5926166 dated 4/29/11; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/27/2011	\$160.95
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 15017853/ Invoice W17853 dated 4/11/12 was paid via check 7040950 dated 4/20/12; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/17/2012	\$128.76
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 12026542 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	10/14/2010	\$368.40
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order SMD874000 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/11/2012	\$149.18
CRRT	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order S005190808 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/30/2012	\$199.50
CRRT	W W GRAINGER INC.	VC1000094971	4/17/2013	Invoice 9798931300 dated 4/10/12 was paid via EFT 201204272565085 dated 4/27/12; however product was returned as detailed in Credit Memo 9809419105 dated 4/23/12. Vendor has confirmed via e-mail dated 4/4/13 that credit is available for deduction. Credit Verification form, e-mail confirmation, AP transaction detail, and copy of credit memo is provided.	4/23/2012	\$14.82
CRRT	W W GRAINGER INC.	VC1000094971	4/17/2013	Invoice 9845348995 dated 6/5/12 was paid via EFT 201206152642505 dated 6/15/12; however product was defective and returned as detailed in Credit Memo 9851852583 dated 6/13/12. Vendor has confirmed via e-mail dated 4/4/13 that credit is available for deduction. Credit Verification form, e-mail confirmation, AP transaction detail, and copy of credit memo is provided.	6/13/2012	\$207.68
CRRT						\$7,934.47
DNT	DAIGLE OIL CO	VC1000019611	4/24/2013	Open credit on account for discount not taken on invoice number 77076 dated 9/6/11, invoice was paid in the amount of 2578.55 on EFT dated 9/23/11. Vendor is sending a refund for the overpayment of 124.22 on account. See attached confirmation and data cut.	10/21/2011	\$99.40
DNT						\$99.40
DUPDV	COMMUNICATION TECHNOLOGIES	VC1000017758	6/26/2013	Duplicate payment of invoices 41135, 41136, 41138 &	7/28/2010	\$2,055.99

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41139 on check 201007241593321 and by credit card. Total overpayment was \$3,055.99. Per the State's instruction \$1,000.00 of this overpayment was applied to invoice 54486 so credit balance of \$2,055.99 remains. Verification and data cut provided.

DUPDV	CONSOLIDATED ELECTRICAL DISTRI	VC1000033049	5/7/2013	Duplicate payment with Mastercard and EFT 201109092204449. Verification, data cut and invoice copy provided.	9/14/2011	\$362.43
DUPDV	SYSCO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 7: Duplicate payment of invoice 102199034 on checks 6001034 and 1620203339. Verification and data cut provided. No data cut available for check 1620203339 because check issued by Maine Department of Corrections and these checks are not in our data.	5/24/2011	\$522.30
DUPDV	SYSCO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 8: Duplicate payment of invoice 103319011 on checks 6001034 and 1620203339. Verification and data cut provided. No data cut available for check 1620203339 because check issued by Maine Department of Corrections and these checks are not in our data.	5/24/2011	\$520.22
DUPDV	YSI INC.	VC1000097655	4/24/2013	Invoice 482097 dated 3/8/12 was paid via EFT 201203162498954 dated 3/16/12 under vendor ID VC1000097526 (Yellow Springs Instrument Inc) and again via check 7113328 dated 5/11/12 under vendor ID VC1000097655 (YSI Inc). Vendor has confirmed via e-mail dated 4/12/13 that credit will be refunded. Refund verification form, e-mail confirmation and AP transaction detail is provided.	5/11/2012	\$1,974.40
DUPDV						\$5,435.34
DUPSV	BEAUREGARD EQUIPMENT INC.	VC1000007906	4/24/2013	Duplicate payment of invoice IB12614 for \$859.16 on EFT payments 200906261005348 and 200906261005672. Invoice date keyed once as 6/25/09 and once as 6/26/09. Vendor partially applied \$310.50 to open invoices in July 2009. Due to age of transactions, no further details are available but the vendor has confirmed that the remaining credit balance of \$548.66 can be deducted from a future payment. Verification and data cut provided.	6/26/2009	\$548.66
DUPSV	PROJECT STAFFING INC.	VC1000073912	5/10/2013	Duplicate payment of invoice 59801 dated 4/2/12 for 541.20. Initially keyed as invoice 00000059801 and paid via EFT 201204132543256 dated 4/13/12. Also keyed as invoice 0000059801 and paid via EFT 201204202554650 dated 4/20/12. Vendor applied 100.00 to invoice 59847 and 0.01 to invoice 59887 for short payments on EFT 201204202554650, leaving an open credit balance of 441.19. Vendor confirmed via e-mail dated 5/7/13 that credit is available for deduction. Credit verification form, e-mail confirmation, AP transaction detail, and copy of overpayment details is provided.	4/20/2012	\$441.19

DUPSV	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order SLW449000 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	11/26/2010	\$240.07
DUPSV	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 877366000 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	8/9/2011	\$150.24
DUPSV	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 166719000 was paid twice.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	10/12/2011	\$499.58
DUPSV	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 572664000 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	3/24/2011	\$238.29
DUPSV	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 87320A000 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	6/9/2011	\$275.76
DUPSV	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 528939001 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	12/7/2011	\$179.56
DUPSV	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 528925001 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	12/7/2011	\$285.00
DUPSV	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 12981661 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	11/25/2011	\$371.51
DUPSV	W B MASON CO INC	VC1000094897	5/13/2013	Sales Order 14516427 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	11/25/2011	\$131.10

DUPSV						\$3,360.96
ICP	COMMUNICATION TECHNOLOGIES INC	VC1000017758	6/26/2013	Invoice 46539 paid on check 201109022197515 but had already been cleared with credit RTN01067. Verification and data cut provided.	9/8/2011	\$36.00
ICP	COMMUNICATION TECHNOLOGIES INC	VC1000017758	6/26/2013	Invoice 48517 paid on check 201112232367867 but had already been cleared with credit RTN01067. Verification and data cut provided.	12/29/2011	\$129.50
ICP	COMMUNICATION TECHNOLOGIES	VC1000017758	6/26/2013	Invoice 27192 for \$740.00 paid on check 20080812053771	8/15/2008	\$630.50

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but had already been cleared with credit RTN00578. \$9.50 of this payment was applied to invoice 35118 and \$100 was applied to invoice 35521 leaving an open balance of \$630.50. Verification provided. No data cut available because remittance provided to the vendor does not match the remittance in our data.

ICP	HAMMOND LUMBER CO	VC1000034540	4/28/2013	Open credit on account for invoice 90104712 dated 7/1/11. Invoice cancelled but subsequently paid on EFT dated 8/26/11. Credit is on account to use against open invoices. See attached confirmation and data cut.	9/6/2011	\$48.36
ICP	HAMMOND LUMBER CO	VC1000034540	4/28/2013	Open credit on account for invoice 50497392 dated 11/30/11. Invoice cancelled but subsequently paid on EFT dated 1/6/12. Credit is on account to use against open invoices. See attached confirmation and data cut.	1/16/2012	\$167.56
ICP	HAMMOND LUMBER CO	VC1000034540	4/28/2013	Open credit on account for invoice 50490256 dated 9/15/11. Invoice cancelled but subsequently paid on EFT dated 10/14/11. Credit is on account to use against open invoices. See attached confirmation and data cut.	10/20/2011	\$34.60
ICP	TRANE U.S., INC..	VC1000002971	6/18/2013	ROW 2: Invoice number 2183990 for 79.31 dated 2/18/11 was paid on check number 201103041922466 dated 3/4/11 but invoice was canceled. Vendor is sending refund for open credit balances totaling 889.33. See attached confirmation and data cut.	11/9/2011	\$79.31
ICP	TRANE U.S., INC..	VC1000002971	6/18/2013	ROW 3: Invoice number 2206612 for 180.00 dated 2/24/11 was paid on check number 201103111932535 3/11/11 but invoice was canceled. Vendor is sending refund for open credit balances totaling 889.33. See attached confirmation and data cut.	3/16/2011	\$180.00
ICP	W W GRAINGER INC.	VC1000094971	4/17/2013	Invoice 9786280868 dated 3/23/12 was paid via EFT 20124132543545 dated 4/13/12; however this invoice was cancelled. . Vendor has confirmed via e-mail dated 4/4/13 that credit is available for deduction. Credit Verification form, e-mail confirmation, AP transaction detail is provided.	4/19/2012	\$742.22

ICP						\$2,048.05
OVPI	Comdata.	VC0000124444	6/26/2013	Overpayment of 6/30/11 invoice on wire dated 9/17/11. Invoice had already been paid on wire dated 7/22/11. Verification and data cuts provided. No invoice copies available due to age.	9/20/2011	\$1,127.95
OVPI	Comdata.	VC0000124444	6/26/2013	Overpayment of 9/15/09 and 9/30/09 invoices on check 3739332. Verification and data cuts provided. No invoice copies available due to age.	12/3/2009	\$313.95
OVPI	SYSCO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 11: Duplicate payment of invoice 108110369 on checks 6448978 and 1620203169. Invoice total was \$420.00 and entire invoice was paid twice but in 2 partial payments so 2 separate credits for \$297.50 and \$122.50 are	10/13/2011	\$297.50

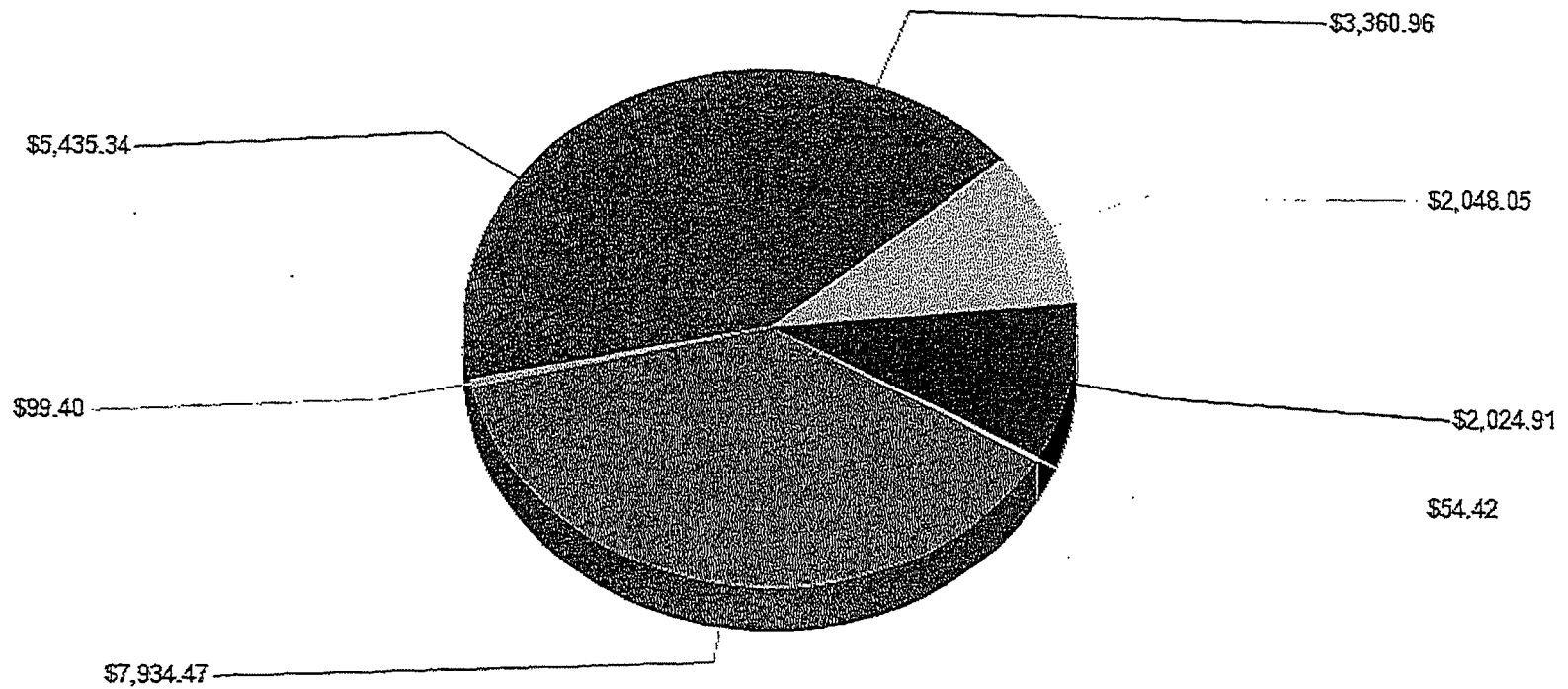


showing in Sysco system. This is the first of the 2 claims. Verification and data cut provided. No data cut available for check 1620203169 because check issued by Maine Department of Corrections and these checks are not in our data.

OVPI	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 12: Duplicate payment of invoice 108110369 on checks 6448978 and 1620203169. Invoice total was \$420.00 and entire invoice was paid twice but in 2 partial payments so 2 separate credits for \$297.50 and \$122.50 are showing in Sysco system. This is the second of the 2 claims. Verification and data cut provided. No data cut available for check 1620203169 because check issued by Maine Department of Corrections and these checks are not in our data.	10/26/2011	\$122.50
OVPI	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 13: Overpayment of invoice 112290810 on checks 1620203725 and 1620203731. Total of \$556.14 was paid but invoice amount was only \$407.30. Verification and invoice copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	2/3/2011	\$148.84
OVPI	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 3: Overpayment of invoice 7190470 on checks 1620202914 and 1620202937. Total of \$774.11 was paid but invoice amount was only \$759.94. Verification and invoice copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	8/15/2010	\$14.17
OVPI						\$2,024.91
VOLRBT	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	7/1/2013	ROW 16: Volume rebate issued back in 2007 but never used. No credit copy available due to age but e-mail with explanation provided. Verification also provided. No data cut available because not issued against a particular invoice.	6/14/2007	\$54.42
VOLRBT						\$54.42
						\$20,957.55

Claim Amount By Type

CRRT
 DNT
 DUPDV
 DUPSV
 ICP
 OVPI
 VOLRST



Audit Summary By Name: StateofMaine12

Date	Vendor Name	Vendor ID	Item	Description	Ref Dte	Claim Amount
4/24/2013	BEAUREGARD EQUIPMENT INC.	VC1000007906	DUPSV	Duplicate payment of invoice IB12614 for \$859.16 on EFT payments 200906261005348 and 200906261005672. Invoice date keyed once as 6/25/09 and once as 6/26/09. Vendor partially applied \$310.50 to open invoices in July 2009. Due to age of transactions, no further details are available but the vendor has confirmed that the remaining credit balance of \$548.66 can be deducted from a future payment. Verification and data cut provided.	6/26/2009	\$548.66
	BEAUREGARD EQUIPMENT INC.					\$548.66
6/26/2013	Comdata.	VC0000124444	OVPI	Overpayment of 6/30/11 invoice on wire dated 9/17/11. Invoice had already been paid on wire dated 7/22/11. Verification and data cuts provided. No invoice copies available due to age.	9/20/2011	\$1,127.95
6/26/2013	Comdata.	VC0000124444	OVPI	Overpayment of 9/15/09 and 9/30/09 invoices on check 3739332. Verification and data cuts provided. No invoice copies available due to age.	12/3/2009	\$313.95
	Comdata.					\$1,441.90
6/26/2013	COMMUNICATION TECHNOLOGIES INC	VC1000017758	ICP	Invoice 27192 for \$740.00 paid on check 20080812053771 but had already been cleared with credit RTN00578. \$9.50 of this payment was applied to invoice 35118 and \$100 was applied to invoice 35521 leaving an open balance of \$630.50. Verification provided. No data cut available because remittance provided to the vendor does not match the remittance in our data.	8/15/2008	\$630.50
6/26/2013	COMMUNICATION TECHNOLOGIES INC	VC1000017758	DUPDV	Duplicate payment of invoices 41135, 41136, 41138 & 41139 on check 201007241593321 and by credit card. Total overpayment was \$3,055.99. Per the State's instruction \$1,000.00 of this overpayment was applied to invoice 54486 so credit balance of \$2,055.99 remains. Verification and data cut provided.	7/28/2010	\$2,055.99
6/26/2013	COMMUNICATION TECHNOLOGIES INC	VC1000017758	ICP	Invoice 46539 paid on check 201109022197515 but had already been cleared with credit RTN01067. Verification and data cut provided.	9/8/2011	\$36.00
6/26/2013	COMMUNICATION TECHNOLOGIES INC	VC1000017758	ICP	Invoice 48517 paid on check 201112232367867 but had already been cleared with credit RTN01067. Verification and data cut provided.	12/29/2011	\$129.50
	COMMUNICATION TECHNOLOGIES INC					\$2,851.99
5/7/2013	CONSOLIDATED ELECTRICAL DISTRI	VC1000033049	DUPDV	Duplicate payment with Mastercard and EFT 201109092204449. Verification, data cut and invoice copy provided.	9/14/2011	\$362.43

5/7/2013	CONSOLIDATED ELECTRICAL DISTR	VC1000033049	CRRT	Credit issued against invoice 5965-580124 paid on EFT 201103171941577. Verification, data cut and credit copy provided.	3/9/2011	\$60.60
5/7/2013	CONSOLIDATED ELECTRICAL DISTR	VC1000033049	CRRT	Credit issued against invoice 4997-496610 paid on check 3533402. Original credit amount was \$167.29 but part applied to past due debits so net remaining open is \$153.79. Verification, data cut and credit copy provided.	11/17/2009	\$153.79

	CONSOLIDATED ELECTRICAL DISTR					\$576.82
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4/24/2013	DAIGLE OIL CO	VC1000019611	DNT	Open credit on account for discount not taken on invoice number 77076 dated 9/6/11, invoice was paid in the amount of 2578.55 on EFT dated 9/23/11. Vendor is sending a refund for the overpayment of 124.22 on account. See attached confirmation and data cut.	10/21/2011	\$99.40
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	DAIGLE OIL CO					\$99.40
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4/28/2013	HAMMOND LUMBER CO	VC1000034540	ICP	Open credit on account for invoice 90104712 dated 7/1/11. Invoice cancelled but subsequently paid on EFT dated 8/26/11. Credit is on account to use against open invoices. See attached confirmation and data cut.	9/6/2011	\$48.36
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4/28/2013	HAMMOND LUMBER CO	VC1000034540	ICP	Open credit on account for invoice 50497392 dated 11/30/11. Invoice cancelled but subsequently paid on EFT dated 1/6/12. Credit is on account to use against open invoices. See attached confirmation and data cut.	1/16/2012	\$167.56
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4/28/2013	HAMMOND LUMBER CO	VC1000034540	ICP	Open credit on account for invoice 50490256 dated 9/15/11. Invoice cancelled but subsequently paid on EFT dated 10/14/11. Credit is on account to use against open invoices. See attached confirmation and data cut.	10/20/2011	\$34.60
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4/28/2013	HAMMOND LUMBER CO	VC1000034540	CRRT	Open credit memo number 50498973 for 71.48 for returns on order number 50493633. Credit is open on account to use against open invoices. See attached confirmation and data cut.	12/24/2011	\$71.48
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4/28/2013	HAMMOND LUMBER CO	VC1000034540	CRRT	Credit memo 90100937 open on account for 11.86 for order number 90103568. Original amount of credit was 12.48 but 0.62 was applied to open balance. Credit is on account to use against open invoices. See attached confirmation. No data cut available.	6/24/2011	\$11.86
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	HAMMOND LUMBER CO					\$333.86
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5/10/2013	PROJECT STAFFING INC.	VC1000073912	DUPSV	Duplicate payment of invoice 59801 dated 4/2/12 for 541.20. Initially keyed as invoice 00000059801 and paid via EFT 201204132543256 dated 4/13/12. Also keyed as invoice 00000059801 and paid via EFT 201204202554650 dated 4/20/12. Vendor applied 100.00 to invoice 59847 and 0.01 to invoice 59887 for short payments on EFT 201204202554650, leaving an open credit balance of 441.19. Vendor confirmed via e-mail dated 5/7/13 that credit	4/20/2012	\$441.19
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is available for deduction. Credit verification form, e-mail confirmation, AP transaction detail, and copy of overpayment details is provided.

PROJECT STAFFING INC.						\$441.19
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	CRRT	ROW 4: Credit issued against invoice 10071027 paid on check 1620203069. Verification and credit copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	11/15/2010	\$183.47
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	CRRT	ROW 1: Credit issued against invoice 6140431 paid on check 1620202886. Verification and credit copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	7/15/2010	\$19.61
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	CRRT	ROW 6: Credit issued against invoice 10280825 paid on check 1620203118. Verification and credit copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	11/15/2010	\$15.92
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	CRRT	ROW 10: Credit issued against invoice 109081022 paid on check 1620203573. Verification and credit copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	10/14/2011	\$89.76
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	OVPI	ROW 11: Duplicate payment of invoice 108110369 on checks 6448978 and 1620203169. Invoice total was \$420.00 and entire invoice was paid twice but in 2 partial payments so 2 separate credits for \$297.50 and \$122.50 are showing in Sysco system. This is the first of the 2 claims. Verification and data cut provided. No data cut available for check 1620203169 because check issued by Maine Department of Corrections and these checks are not in our data.	10/13/2011	\$297.50
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	OVPI	ROW 12: Duplicate payment of invoice 108110369 on checks 6448978 and 1620203169. Invoice total was \$420.00 and entire invoice was paid twice but in 2 partial payments so 2 separate credits for \$297.50 and \$122.50 are showing in Sysco system. This is the second of the 2 claims. Verification and data cut provided. No data cut available for check 1620203169 because check issued by Maine Department of Corrections and these checks are not in our data.	10/26/2011	\$122.50
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	OVPI	ROW 13: Overpayment of invoice 112290810 on checks 1620203725 and 1620203731. Total of \$556.14 was paid but invoice amount was only \$407.30. Verification and invoice copy provided. No data cut available because check issued by Maine Department of Corrections and these	2/3/2011	\$148.84

checks are not in our data.

7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	DUPDV	ROW 8: Duplicate payment of invoice 103319011 on checks 6001034 and 1620203339. Verification and data cut provided. No data cut available for check 1620203339 because check issued by Maine Department of Corrections and these checks are not in our data.	5/24/2011	\$520.22
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	CRRT	ROW 9: Credit issued against invoice 108279115 paid on check 6340366. Verification, credit copy and data cut provided.	9/30/2011	\$60.09
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	VOLRBT	ROW 16: Volume rebate issued back in 2007 but never used. No credit copy available due to age but e-mail with explanation provided. Verification also provided. No data cut available because not issued against a particular invoice.	6/14/2007	\$54.42
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	CRRT	ROW 14: Misc Old credits carried over from an old system. Vendor created a credit memo dated July 5, 2012 which is outside of the scope of the audit but the actual dates of the credits are all prior to June 30, 2012. No backup or details due to age. Verification and credit copy provided.	6/30/2012	\$1,016.33
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	DUPDV	ROW 7: Duplicate payment of invoice 102199034 on checks 6001034 and 1620203339. Verification and data cut provided. No data cut available for check 1620203339 because check issued by Maine Department of Corrections and these checks are not in our data.	5/24/2011	\$522.30
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	CRRT	ROW 5: Credit issued against invoice 6140431 10140951 paid on check 1620203081. Verification and credit copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	11/15/2010	\$60.55
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	CRRT	ROW 2: Credit issued against invoice 7120527 paid on check 1620202938. Verification and credit copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	8/15/2010	\$92.74
7/1/2013	SYSKO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	OVPI	ROW 3: Overpayment of invoice 7190470 on checks 1620202914 and 1620202937. Total of \$774.11 was paid but invoice amount was only \$759.94. Verification and invoice copy provided. No data cut available because check issued by Maine Department of Corrections and these checks are not in our data.	8/15/2010	\$14.17

SYSKO FOOD SERV OF NORTHERN NEW ENGLAND						\$3,218.42
6/18/2013	TRANE U.S., INC.,	VC1000002971	CRRT	ROW 4: Open credit memo number 21278392 for returns on invoice number 21208273 dated 10/7/11 paid in full on check number 201111042291509 dated 11/4/11. Vendor is sending refund for open credit balances totaling 889.33. See attached confirmation, data cut and credit memo.	10/26/2011	\$17.00

6/18/2013	TRANE U.S., INC..	VC1000002971	CRRT	ROW 1: Open credit memo 11300798 dated 10/27/10 for returns on invoice 11060908 dated 9/2/10 paid on check 5209775 dated 10/7/10. Vendor is sending refund for open credit balances totaling 889.33. See attached confirmation, data cut and credit memo.	10/27/2010	\$613.02
6/18/2013	TRANE U.S., INC..	VC1000002971	ICP	ROW 2: Invoice number 2183990 for 79.31 dated 2/18/11 was paid on check number 201103041922466 dated 3/4/11 but invoice was canceled. Vendor is sending refund for open credit balances totaling 889.33. See attached confirmation and data cut.	11/9/2011	\$79.31
6/18/2013	TRANE U.S., INC..	VC1000002971	ICP	ROW 3: Invoice number 2206612 for 180.00 dated 2/24/11 was paid on check number 201103111932535 3/11/11 but invoice was canceled. Vendor is sending refund for open credit balances totaling 889.33. See attached confirmation and data cut.	3/16/2011	\$180.00

TRANE U.S. INC.						\$889.33
5/13/2013	W B MASON CO INC	VC1000094897	CRRT	Sales Order 13530944 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction; however, the amount remaining is less than what is indicated on the credit memo, as a portion has already been applied. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/25/2011	\$268.65
5/13/2013	W B MASON CO INC	VC1000094897	CRRT	Sales Order 791339000 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	2/18/2011	\$148.15
5/13/2013	W B MASON CO INC	VC1000094897	DUPSV	Sales Order SLW449000 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	11/26/2010	\$240.07
5/13/2013	W B MASON CO INC	VC1000094897	CRRT	Sales Order SMM406001 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	1/12/2011	\$165.40
5/13/2013	W B MASON CO INC	VC1000094897	CRRT	Sales Order/Invoice W75794000 dated 8/20/10 was paid via check 5105195 dated 9/10/10; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/4/2011	\$755.40
5/13/2013	W B MASON CO INC	VC1000094897	CRRT	Sales Order 345810001 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	3/15/2012	\$651.08
5/13/2013	W B MASON CO INC	VC1000094897	DUPSV	Sales Order 877366000 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for	8/9/2011	\$150.24

5/13/2013 W B MASON CO INC	VC1000094897	CRRT	deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided. Sales Order S005312965 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	5/4/2012	\$488.30
5/13/2013 W B MASON CO INC	VC1000094897	DUPSV	Sales Order 87320A000 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	6/9/2011	\$275.76
5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order S005191189 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/28/2012	\$384.82
5/13/2013 W B MASON CO INC	VC1000094897	DUPSV	Sales Order 528939001 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	12/7/2011	\$179.56
5/13/2013 W B MASON CO INC	VC1000094897	DUPSV	Sales Order 528925001 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	12/7/2011	\$285.00
5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order 654918002 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	2/3/2012	\$172.00
5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order 838735000/Invoice 838735-000 dated 6/1/11 was paid via check 6105057 dated 6/25/11; however, product was returned. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction; however, the amount remaining is less than what is indicated on the credit memo, as a portion has already been applied. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	6/8/2011	\$154.56
5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order W09209000 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction; however, the amount remaining is less than what is indicated on the credit memo, as a portion has already been applied. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	9/26/2011	\$126.38
5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order 13202071/Invoice 202071-000 dated 2/11/11 was paid via check 5726643 dated 3/11/11 ; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	3/31/2011	\$269.98

5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order/Invoice 567710000 dated 4/13/11 was paid via check 5926166 dated 4/29/11; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/27/2011	\$160.95
5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order 15017853/ Invoice W17853 dated 4/11/12 was paid via check 7040950 dated 4/20/12; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/17/2012	\$128.76
5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order 12026542 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	10/14/2010	\$368.40
5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order SMD874000 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/11/2012	\$149.18
5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order S005190808 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	4/30/2012	\$199.50
5/13/2013 W B MASON CO INC	VC1000094897	DUPSV	Sales Order 12981661 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	11/25/2011	\$371.51
5/13/2013 W B MASON CO INC	VC1000094897	DUPSV	Sales Order 14516427 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	11/25/2011	\$131.10
5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order 677564000 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	1/12/2011	\$146.00
5/13/2013 W B MASON CO INC	VC1000094897	DUPSV	Sales Order 166719000 was paid twice.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	10/12/2011	\$499.58
5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order 226360001 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	7/1/2011	\$249.99
5/13/2013 W B MASON CO INC	VC1000094897	CRRT	Sales Order 737726003 was paid; however, product was returned.. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form,	2/3/2012	\$258.25

e-mail confirmation, and copy of credit memo is provided.

5/13/2013 W B MASON CO INC	VC1000094897	DUPSV	Sales Order 572664000 was paid twice. Vendor has confirmed via e-mail dated 5/08/13 that credit is available for deduction. Credit verification form, e-mail confirmation, and copy of credit memo is provided.	3/24/2011	\$238.29
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W B MASON CO INC					\$7,616.86
4/17/2013 W W GRAINGER INC.	VC1000094971	ICP	Invoice 9786280868 dated 3/23/12 was paid via EFT 20124132543545 dated 4/13/12; however this invoice was cancelled. . Vendor has confirmed via e-mail dated 4/4/13 that credit is available for deduction. Credit Verification form, e-mail confirmation, AP transaction detail is provided.	4/19/2012	\$742.22
4/17/2013 W W GRAINGER INC.	VC1000094971	CRRT	Invoice 9798931300 dated 4/10/12 was paid via EFT 201204272565085 dated 4/27/12; however product was returned as detailed in Credit Memo 9809419105 dated 4/23/12. Vendor has confirmed via e-mail dated 4/4/13 that credit is available for deduction. Credit Verification form, e-mail confirmation, AP transaction detail, and copy of credit memo is provided.	4/23/2012	\$14.82
4/17/2013 W W GRAINGER INC.	VC1000094971	CRRT	Invoice 9845348995 dated 6/5/12 was paid via EFT 201206152642505 dated 6/15/12; however product was defective and returned as detailed in Credit Memo 9851852583 dated 6/13/12. Vendor has confirmed via e-mail dated 4/4/13 that credit is available for deduction. Credit Verification form, e-mail confirmation, AP transaction detail, and copy of credit memo is provided.	6/13/2012	\$207.68
W W GRAINGER INC					\$964.72
4/24/2013 YSI INC.	VC1000097655	DUPDV	Invoice 482097 dated 3/8/12 was paid via EFT 201203162498954 dated 3/16/12 under vendor ID VC1000097526 (Yellow Springs Instrument Inc) and again via check 7113328 dated 5/11/12 under vendor ID VC1000097655 (YSI Inc). Vendor has confirmed via e-mail dated 4/12/13 that credit will be refunded. Refund verification form, e-mail confirmation and AP transaction detail is provided.	5/11/2012	\$1,974.40
YSI INC					\$1,974.40
					\$20,957.55

Summary by Vendor Totals

APR
APR 10 10:00 AM

VendorName	ClaimTypes	ClaimCount	RecoveryAmt
W B MASON CO INC	2	28	\$7,616.86
SYSCO FOOD SERV OF NORTHERN NEW ENG...	4	15	\$3,218.42
COMMUNICATION TECHNOLOGIES INC	2	4	\$2,851.99
YSI INC.	1	1	\$1,974.40
Comdata.	1	2	\$1,441.90
W W GRAINGER INC.	2	3	\$984.72
TRANE U.S., INC..	2	4	\$989.33
CONSOLIDATED ELECTRICAL DISTRI	2	3	\$576.82
BEAUREGARD EQUIPMENT INC.	1	1	\$548.66
PROJECT STAFFING INC.	1	1	\$441.19
HAMMOND LUMBER CO	2	5	\$333.88
DAIGLE OIL CO	1	1	\$99.40

Summary by Root Cause

Root Cause	VendorName	VenID	ClaimID	ClaimDesc	RecoveryAmt	Line_Desc
Calculation Error	W W GRAINGER INC.	VC1000094971	1443-188-1	Credit For Returned Item Not Used	\$207.68	Invoice 9845348995 dated 6/5/12 was paid via EFT 201206152642...
			1443-188-2	Credit For Returned Item Not Used	\$14.82	Invoice 9798931300 dated 4/10/12 was paid via EFT 20120427256...
			1443-188-3	Invoice Cancelled But Paid To Supplier	\$742.22	Invoice 9786280868 dated 3/23/12 was paid via EFT 20124132543...
	Total				\$984.72	
Keying Error	PROJECT STAFFING INC.	VC100007...	1443-188-5	Duplicate Payment Same Vendor ID	\$441.19	Duplicate payment of invoice 59801 dated 4/2/12 for 541.20. Initially...
	SYSCO FOOD SERV OF NORTHERN NEW ENGLAND	VC1000088492	1443-18-10	Credit For Returned Item Not Used	\$60.55	ROW 5: Credit issued against invoice 6140431 10140951 paid on c...
			1443-18-11	Credit For Returned Item Not Used	\$15.92	ROW 6: Credit issued against invoice 10280825 paid on check 162...
			1443-18-12	Duplicate Payment Different Vendor ID	\$522.30	ROW 7: Duplicate payment of invoice 102199034 on checks 60010...
			1443-18-13	Duplicate Payment Different Vendor ID	\$520.22	ROW 8: Duplicate payment of invoice 103319011 on checks 60010...
			1443-18-14	Credit For Returned Item Not Used	\$60.09	ROW 9: Credit issued against invoice 108279115 paid on check 63...
			1443-18-15	Credit For Returned Item Not Used	\$89.76	ROW 10: Credit issued against invoice 109081022 paid on check 1...
			1443-18-16	Overpayment On Invoice	\$297.50	ROW 11: Duplicate payment of invoice 108110369 on checks 6448...
			1443-18-17	Overpayment On Invoice	\$122.50	ROW 12: Duplicate payment of invoice 108110369 on checks 6448...
			1443-18-18	Overpayment On Invoice	\$148.84	ROW 13: Overpayment of invoice 112290810 on checks 16202037...
			1443-18-19	Credit For Returned Item Not Used	\$1,016.33	ROW 14: Misc Old credits carried over from an old system. Vendor ...
			1443-18-21	Volume Rebate Not Taken	\$54.42	ROW 16: Volume rebate issued back in 2007 but never used. No cr...
			1443-18-6	Credit For Returned Item Not Used	\$19.61	ROW 1: Credit issued against invoice 6140431 paid on check 1620...
			1443-18-7	Credit For Returned Item Not Used	\$92.74	ROW 2: Credit issued against invoice 7120527 paid on check 1620...
			1443-18-8	Overpayment On Invoice	\$14.17	ROW 3: Overpayment of invoice 7190470 on checks 1620202914 a...
			1443-18-9	Credit For Returned Item Not Used	\$183.47	ROW 4: Credit issued against invoice 10071027 paid on check 162...
	Total				\$3,659.61	
Multiple Payment Sources	BEAUREGARD EQUIP...	VC100000...	1443-18-5	Duplicate Payment Same Vendor ID	\$548.68	Duplicate payment of invoice IB12614 for \$859.16 on EFT payments...
	Comdata.	VC0000124444	1443-18-22	Overpayment On Invoice	\$1,127.95	Overpayment of 6/30/11 invoice on wire dated 9/17/11. Invoice had...
			1443-18-23	Overpayment On Invoice	\$313.95	Overpayment of 9/15/09 and 9/30/09 invoices on check 3739332. ...
	COMMUNICATION TECHNOLOGIES INC	VC1000017758	1443-18-24	Invoice Cancelled But Paid To Supplier	\$630.50	Invoice 27192 for \$740.00 paid on check 20080812053771 but had a...
			1443-18-25	Duplicate Payment Different Vendor ID	\$2,055.99	Duplicate payment of invoices 41135, 41136, 41138 & 41139 on ch...
			1443-18-26	Invoice Cancelled But Paid To Supplier	\$36.00	Invoice 46539 paid on check 201109022197515 but had already be...
	CONSOLIDATED ELECTRICAL DISTRI	VC1000033049	1443-18-27	Invoice Cancelled But Paid To Supplier	\$129.50	Invoice 48517 paid on check 201112232367867 but had already be...
			1443-18-1	Credit For Returned Item Not Used	\$153.79	Credit issued against invoice 4997-496610 paid on check 3533402. ...
	YSI INC.	VC100009...	1443-18-2	Credit For Returned Item Not Used	\$60.60	Credit issued against invoice 5965-580124 paid on EFT 201103171...
			1443-18-3	Duplicate Payment Different Vendor ID	\$362.43	Duplicate payment with Mastercard and EFT 201109092204449. Ve...
Procedure Error	DAIGLE OIL CO	VC100001...	1443-188-4	Duplicate Payment Different Vendor ID	\$1,974.40	Invoice 482097 dated 3/8/12 was paid via EFT 201203162498954 d...
	Total				\$7,393.77	
	HAMMOND LUMBER CO	VC1000034540	1443-98-6	Discount Not Taken	\$99.40	Open credit on account for discount not taken on invoice number 77...
			1443-98-1	Credit For Returned Item Not Used	\$11.86	Credit memo 90100937 open on account for 11.86 for order number...
			1443-98-2	Invoice Cancelled But Paid To Supplier	\$48.36	Open credit on account for invoice 90104712 dated 7/1/11. Invoice ...
			1443-98-3	Invoice Cancelled But Paid To Supplier	\$167.56	Open credit on account for invoice 50497392 dated 11/30/11. Invoice...
			1443-98-4	Invoice Cancelled But Paid To Supplier	\$34.60	Open credit on account for invoice 50490256 dated 9/15/11. Invoice...
	TRANE U.S., INC.,	VC1000002971	1443-98-5	Credit For Returned Item Not Used	\$71.48	Open credit memo number 50498973 for 71.48 for returns on order ...
			1443-98-10	Credit For Returned Item Not Used	\$17.00	ROW 4: Open credit memo number 21278392 for returns on invoice...
			1443-98-7	Credit For Returned Item Not Used	\$613.02	ROW 1: Open credit memo 11300798 dated 10/27/10 for returns on ...
			1443-98-8	Invoice Cancelled But Paid To Supplier	\$79.31	ROW 2: Invoice number 2183990 for 79.31 dated 2/18/11 was paid ...
			1443-98-9	Invoice Cancelled But Paid To Supplier	\$180.00	ROW 3: Invoice number 2206612 for 180.00 dated 2/24/11 was paid...
	W B MASON CO INC	VC1000094897	1443-188-10	Duplicate Payment Same Vendor ID	\$275.76	Sales Order 87320A000 was paid twice. Vendor has confirmed via ...
			1443-188-11	Credit For Returned Item Not Used	\$384.82	Sales Order S005191189 was paid; however, product was returned....
			1443-188-12	Duplicate Payment Same Vendor ID	\$179.56	Sales Order 528939001 was paid twice. Vendor has confirmed via e...
			1443-188-13	Duplicate Payment Same Vendor ID	\$285.00	Sales Order 528925001 was paid twice. Vendor has confirmed via e...
			1443-188-14	Credit For Returned Item Not Used	\$172.00	Sales Order 654918002 was paid; however, product was returned. ...
			1443-188-15	Credit For Returned Item Not Used	\$154.56	Sales Order 838735000/Invoice 838735-000 dated 6/1/11 was paid v...
			1443-188-16	Credit For Returned Item Not Used	\$126.38	Sales Order W05209000 was paid; however, product was returned....
			1443-188-17	Credit For Returned Item Not Used	\$269.98	Sales Order 13202071/Invoice 202071-000 dated 2/1/11 was paid v...
			1443-188-18	Credit For Returned Item Not Used	\$160.95	Sales Order/Invoice 567710000 dated 4/13/11 was paid via check 5...
			1443-188-19	Credit For Returned Item Not Used	\$128.76	Sales Order 15017853/ Invoice W17853 dated 4/1/12 was paid via ...
			1443-188-20	Credit For Returned Item Not Used	\$368.40	Sales Order 12026542 was paid; however, product was returned. V...
			1443-188-21	Credit For Returned Item Not Used	\$149.18	Sales Order SMD874000 was paid; however, product was returned....
			1443-188-22	Credit For Returned Item Not Used	\$199.50	Sales Order S005190808 was paid; however, product was returned....
			1443-188-23	Duplicate Payment Same Vendor ID	\$371.51	Sales Order 12981661 was paid twice. Vendor has confirmed via e...

Root Cause	VendorName	VenID	ClaimID	ClaimDesc	RecoveryAmt	Line Desc
Procedure Error	W B MASON CO INC	VC10000948 97	1443-188-24	Duplicate Payment Same Vendor ID	\$131.10	Sales Order 14516427 was paid twice. Vendor has confirmed via e...
			1443-188-25	Credit For Returned Item Not Used	\$146.00	Sales Order 677564000 was paid; however, product was returned. ...
			1443-188-26	Duplicate Payment Same Vendor ID	\$499.58	Sales Order 166719000 was paid twice.. Vendor has confirmed via e...
			1443-188-27	Credit For Returned Item Not Used	\$249.99	Sales Order 226360001 was paid; however, product was returned. ...
			1443-188-28	Credit For Returned Item Not Used	\$258.25	Sales Order 737726003 was paid; however, product was returned. ...
			1443-188-29	Duplicate Payment Same Vendor ID	\$238.29	Sales Order 572664000 was paid twice. Vendor has confirmed via e...
			1443-188-30	Credit For Returned Item Not Used	\$755.40	Sales Order/Invoice W75794000 dated 8/20/10 was paid via check ...
			1443-188-31	Credit For Returned Item Not Used	\$651.08	Sales Order 345810001 was paid; however, product was returned. ...
			1443-188-32	Duplicate Payment Same Vendor ID	\$150.24	Sales Order 877366000 was paid twice. Vendor has confirmed via e...
			1443-188-33	Credit For Returned Item Not Used	\$488.30	Sales Order S005312965 was paid; however, product was returned....
			1443-188-6	Credit For Returned Item Not Used	\$268.65	Sales Order 13530944 was paid; however, product was returned., V...
			1443-188-7	Credit For Returned Item Not Used	\$148.15	Sales Order 791339000 was paid; however, product was returned. ...
			1443-188-8	Duplicate Payment Same Vendor ID	\$240.07	Sales Order SLW449000 was paid twice. Vendor has confirmed via ...
			1443-188-9	Credit For Returned Item Not Used	\$165.40	Sales Order SMM406001 was paid; however, product was returned....
	Total				\$8,939.45	-
Total				\$20,957.55	-	

Payment Errors

The potential for accounts payable (AP) payment errors is present in any shop, and the consequences are costly. In the worst case, a company loses the money associated with making a duplicate or over-payment, but even if the error is discovered and the payment recovered, the company has lost the interest on that money as well as the time and labor consumed by the recovery process.

What causes payment errors?

Errors happen in a variety of ways in the payment process. Perhaps AP keys the information incorrectly, or the information on the purchase order (PO) is incorrect or incomplete in the first place, or perhaps the vendor's invoice is in error, but goes undetected. Other reasons for payment errors include but are not limited to: mistakes in the master vendor file, inconsistent or missing invoice number, manual (rush) check requests and making payments from a copy of an invoice or a statement.

How can AP prevent errors?

Policies and procedures – An important component in prevention of errors and duplicate payments is the creation, documentation and adherence to clear policies and procedures. It can be helpful to condense the most important policies to a one-page guide and post the guide in a prominent location. Periodic checks by the AP manager serve to reinforce and keep staff mindful of policies.

Technique

Training your employees to use the keyboard only, instead of a combination of the keyboard and mouse, can also help reduce keying errors (as well as improve efficiency).

Automation

Any use of Electronic Data Interchange (EDI), e-invoicing or imaging will certainly help, since they reduce or eliminate data keying.

Pay Only From Original Invoices

One good policy is to pay only from an original invoice, not a copy. For those unavoidable exceptions, have strict controls in place, such as high-level approval and careful examination of the file. Likewise, payments should not be made from statements, but follow the same kinds of controls for any payment made from a statement.

Rush Checks

Rush checks are checks produced outside of the AP department's usual schedule; also called emergency, manual or ASAP checks. It is impossible to avoid them in all situations. Alternatives to cutting a rush check might include p-cards or ACH transactions. Controls should be in place, such as requiring a system search, keeping a log of all rush checks issued, and asking (and documenting) the reason for the rush check. It may prove unnecessary. Proper communication of relevant AP schedules, policies and procedures can also help to prevent rush checks.

Communication between Departments

Incomplete information on the PO proves the need for good communication between the purchasing department and AP. Start by communicating deadlines and other relevant schedules to all company departments (purchasing is the most crucial) through brief e-mail. Increasing departments' awareness of what goes on in AP fosters a relationship. Be tactful and avoid the blame game. Instead, begin from the position of working together to add value to achieve company objectives. Build consensus around common goals. The stronger the relationship with a department, the more likely that it will cooperate with AP's schedule and requirements.

Vendor Relations

The same rules about communication between departments holds true for vendor relations. You may want to send an outline of your policies to all new vendors. For instance, if you have a policy that states: "Once our department has begun accepting electronic or p-card payments from a vendor, we will not accept paper," make sure vendors are aware of it.

Check Reduction and Handling

The 80/20 rule seems to apply in a host of situations. Twenty percent of the people you know cause 80 percent of your problems. Eighty percent of your time is spent doing 20 percent of your work. You can probably think of more that apply to your experience. So it should come as no surprise that about 80 percent of the invoices that pass through your department comprise about 20 percent of total dollar payments. In other words, your total payment volume is largely made up of small-dollar amounts. Here are some areas that can help reduce the number of checks you write.

Procurement Card (p-card) Program

Companies not already employing p-cards should consider them, because they can have a serious impact on payables as well as purchasing. Proper use of p-cards erases many small dollar invoices from the cycle, and consequently, many checks. A multitude of small transactions can be converted into one monthly invoice and payment. Determining what constitutes proper use depends on your company.

ACH

Convert as many vendors as possible to electronic payments via automated clearinghouse (ACH) payment. According to the Federal Reserve, in 2003 for the first time in the United States, the number of electronic payments exceeded the number of payments by check. See your bank about setting up ACH payments, which eliminate paper checks altogether. You send a formatted disbursement file to the bank, which then electronically transfers payments to vendors.

T&E Checks

There are several ways to go about reducing the number of T&E checks in your department. Moving T&E reimbursement to the payroll system is an ideal solution that would eliminate a substantial amount of work for AP. But barring this shift of responsibility, emulate payroll departments and automate through direct deposit. If neither of those options are possible, mail the checks directly to the employee's homes. This eliminates the office distribution step, and is considered more secure.

Valuable savings can be attributed to handling your checks correctly. Search within your company where you can gain efficiency.

Filing

When filing backup documentation alphabetically by vendor, it is easy to verify whether an invoice has been paid, assuming of course that each vendor has only one file. However, the time it takes to do this filing is costly.

Imaging is an ideal solution for many, but not all companies. An alternative solution to filing checks by vendor is to use your computer system to index your checks, allowing you to file checks separately by batch, which provides a great time savings over filing by vendor. Within each batch, the checks can be filed by vendor or check number.

Check Runs

Your optimal check run frequency will be related to your company size. It is important to determine what that frequency should be. While check runs are time-consuming, if they are not frequent enough, the interruption of requests for rush checks will increase.

Laser Checks

The use of laser checks in AP provides several high-impact benefits. They are more secure than pre-printed checks because there is no bank or company information on the blank check stock. All the check information is generated by the MICR software, which brings two advantages:

- If any information, such as bank name or company address changes, there are no preprinted checks that have to be destroyed.
- Reconciliation becomes more accurate. The check numbers will match those produced by the software.

Using laser checks also reduces cost. Only one kind of check stock is needed, rather than a separate pre-printed stock for each corporate entity, which reduces both the cost of the check form and the labor required to load it.

Outsourcing

Outsourcing the check processing function is a good option for many companies. It can reduce costs, allow your department to focus on other business processes, and streamline your disbursements. If you do outsource, make sure that the vendor you select uses a positive pay service and has a business continuity plan.

Managing Your Vendor File

It's almost impossible to keep track of your vendors, let alone how much business you're doing with them or where they are located. Mergers, acquisitions, divestitures and name changes are happening at increasingly faster rates. The need to manage your vendor file is clear; the benefits and how best to proceed are less obvious. This article addresses the latter — why and how to manage your vendor file.

Why You Should Manage Your Vendor File

Managing a vendor file may seem to be a mundane clerical task, but the implications of not managing may be significant. Four key reasons for paying attention to how your vendor file is managed are:

- Reduction of the potential for fraud
- Reduction of duplicate payments
- Knowing how much money you're spending
- Saving money by purchasing, processing and paying smarter

How to Manage Your Vendor File

A vendor management program should include the following activities:

1. Vendor Verification

It's often surprising how little a company may know about its vendors. The capabilities and financial stability of a vendor can be critical to its ability to deliver goods or services of appropriate quality within agreed-upon time frames.

Before adding a vendor to your file, check to see if the vendor is legitimate. Check your personnel files to see if the vendor is an employee or related to an employee. See if the phone number, taxpayer ID or address matches that of an employee. Use the Internet or one of several CD-ROM databases to verify the vendor's name, address and telephone number. If you're spending or committing to spend more than a certain amount, use a credit rating service.

Send every vendor a W-9 or a substitute W-9 and make sure that a signed form is returned. You can use a substitute W-9 to collect additional information about the vendor. You may want to request basic information including North American Industry Classification System (NAICS) codes that are replacing standard industry codes, taxpayer identifiers, telephone numbers, type of

organization, types of products or services, how long vendors have been in business, and size. Minority vendor status and women-owned business information are also important. Having a signed W-9 form can help ensure that you file 1099s appropriately, and it reduces the likelihood of B-notices from the IRS.

2. Vendor Setup

There are many ways of specifying a vendor's name and address. A one-page list of rules to use for setting up vendor names will reduce the likelihood of not finding a vendor or adding a vendor that already exists. Addresses should be set up to conform to United States Postal Service (USPS) addressing guidelines. If you already have a vendor file with inconsistent addressing rules, a USPS certified mailing house can review your file to normalize, flag and fix addresses that do not conform.

If you have vendors with foreign addresses, pay careful attention to how you set up their addresses because foreign payments can easily get lost in the mail. Only some mailing houses are equipped to analyze foreign addresses.

Decide what information you want to put into your accounts payable (AP) and purchasing systems and what information you may want in separate databases or in paper files. Low-cost imaging in conjunction with simple databases allows you to access information from W-9s and other forms quickly without a lot of effort. Use the Internet to find and capture additional background information. With some database packages, you can link directly to relevant Web pages.

3. Analysis

A clean vendor file is vital to your process. A clean file should enable you to analyze your data to better identify who you're doing business with and how much business you're doing with individual vendors and groups of vendors.

These analyses should sharpen your focus. Prioritize and categorize so your focus is on the areas with the greatest potential for savings or leverage. One useful way of looking at expenditures is to look at high versus low dollars. Another is high versus low transaction volumes. See if your primary focus should be on reducing the number of vendors, better control of who's buying, getting better pricing, or processing more efficiently.

4. Purchase, Process and Pay Smarter

Once you've completed some analysis you can really reap some dividends. By knowing how and where you're spending, you can quickly identify the magnitude of potential opportunities. With better information about spending, you can negotiate better deals. You'll have better information about where you are or are not buying from, and better ideas as to how much you are or should be spending. Decide whether changes in procurement guidelines are needed. Decide whether to eliminate or consolidate vendors.

Before you cut back on the number of vendors too much, make sure you understand the exposure and risks. Some of your vendors may also be customers or potential customers. Some vendors may be able to meet some of the needs of your company, but not able to meet others in a timely and cost-effective manner. Remember that doing business with local companies helps you by helping the communities in which you're located.

5. Enhance Vendor Relationships

You should be able to make it easier for your vendors to do business with you and for you to get information from and to them. If you make it easier for your vendors to do business with you, their costs will be lower and some portion of those savings can be passed on to you.

Develop guidelines, set standards and establish quality measures to monitor and evaluate vendor performance and your organization's performance. Develop vendor communications programs.

Document your procurement and payment policies and guidelines. A vendor handbook with guidelines and procedures for doing business with your company can eliminate many future problems. If vendors have written guidelines that spell out purchase order requirements, the approval levels and signing authority, you reduce the likelihood of incurring unnecessary expenses. Not only does this enhance vendor relations, it lessens your company's risk of exposure to claims and even fraud.

Where appropriate, use EDI, ERS, procurement cards or the Internet to send and receive electronic inputs. Approve, pay and reconcile electronically. Provide vendors with online access to purchasing and AP information to reduce and eliminate errors and telephone inquiries requiring manual intervention. Consider using touch-tone inquiry/response systems and the Internet. Enhancing the process by which you do business with your vendors can help your bottom line.

How to Get Started

Managing your vendor file is a team effort. Your team needs knowledge and expertise in your industry and your systems as well as general expertise in purchasing and AP. At a minimum, your AP, Purchasing and information technology organizations should be involved.

Some of the expertise you'll need may require the use of external resources. When you first begin to manage your vendor file, bring in outsiders to augment your internal staff to ensure that the resulting team has the full complement of skills and resources needed to achieve the desired goals.

Make Vendor Management a Process

In an attempt to speed up the process and reduce costs, many firms cut corners or skip some activities altogether. They are often disappointed with the results. Some lose sight of the goals and benefits. Others may treat the process as a one-shot project.

Fraud Perpetrators

Occupational fraud and abuse is a widespread problem that affects practically every organization, regardless of size, location or industry. So says the Association of Certified Fraud Examiners' (ACFE) 2006 Report to the Nation on Occupational Fraud and Abuse. The report defines occupational fraud as "the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets."

Given that fraud is so wide spread, all organizations need to be alert to the reality that it can happen to them. Fraudulent disbursements, whether through billing schemes, check fraud, or T&E expense reimbursements, are part of asset misappropriation and the types of fraud that most concern accounts payable, though a prudent AP manager will also be alert to fraudulent statements (falsification of financial statements, including the accounts payable balance).

But for what, or rather for whom should you look? Statistically, are there common characteristics among fraud perpetrators? The ACFE report took a look at that and the answer is instructive. The one common characteristic is, apparently, humanness. There are correlations between age, education, position or gender and the amount of loss involved, but as far as commission of fraud, as Bing Crosby once said, there's a little larceny in everybody. Fraud criminals vary educationally, socially, geographically, and financially.

Apparently all that is required, according to Bonita Peterson and Paul Zikmund writing in *Strategic Finance*, are a motive, a perceived opportunity, and a rationalization, or as the AICPA calls it, pressure, opportunity and attitude.

Successful Perpetrators are Trusted

In addition to "humanness," there is another common characteristic of fraud perpetrators: they are trusted. Security Consultant Frank Abignale says in his experience, the person stealing from you often has been with the company for several years and is trusted completely. "That's why so many frauds go on for years without being detected," he observes. "The embezzler is never suspected of any wrongdoing."

Thus companies are on the horns of a dilemma: business success and business fraud both depend on trust.

The ACFE study also shows that most fraud perpetrators are first-time offenders. Only 8 percent of frauds in this study were committed by someone with a prior fraud conviction. So while you should continue to do background checks before hiring, don't think that a clean bill of health in that respect means no future worries.

Perpetrator Position

The position of the perpetrator has the most significant effect on the size of the losses. Looking at employees, managers and executives and owners, employees were responsible for 40 percent of the fraud perpetrated, while managers accounted for 41 percent and executives for 19. But as the headlines of the past several years have shown, the losses involved in executive-level fraud dwarf the losses caused by employee-level fraud. The median loss in employee fraud was \$78,000; for managers, \$218,000; but for executives or owners, the median loss was \$1,000,000. It stands to reason that the higher up an individual is, the more authority, knowledge, control, and trust he or she commands, which makes the greater schemes possible. Also, despite corporate accounting practices facing increased scrutiny in the wake of Sarbanes-Oxley, executive/owner-level fraud increased 7 percent since the 2004 report.

With statistics like these, many workers find themselves tempted toward one of the prerequisites for fraud: rationalization, i.e. thinking "Compared to others, I'm not bad ... I deserved this after how the company has treated me ... I'll pay it back ... they'll never miss it ..."

The study results are similar when the data is sliced by income, as individuals with higher income are responsible for the most fraud losses. The pattern is repeated again with tenure, as Abignale has pointed out. The ACFE found a direct correlation between the length of time a perpetrator had been employed with the defrauded organization and the size of the loss in the scheme.

Not that a decade or more of service is required, but relatively few workers perpetrate a fraud in their first year with a company, just over 10 percent in the study. However, 26 percent of fraud was perpetrated by those with only one to five years of tenure, 26 percent by those with five to ten years, and 38 percent by those with more than ten years. The difference, again, is in the losses sustained. The longer the tenure, the greater the losses: median loss from fraud perpetrated by employees with greater than 10 years' tenure was \$263,000, whereas for those with one to five years tenure, the median loss was \$100,000.

When it comes to men and women, after narrowing for many years, there appears to be a widening gender gap. The report states that 61 percent of fraud is committed by men while 39 percent is committed by women. In 2004, the gap seemed to be closing, with women committing 47 percent of the cases to the men's 53 percent. Men are also still considerably ahead of women in terms of dollars involved, with a median loss of \$160,000 per fraud incident versus \$60,000 for women. The 2006 report shows that men are still more likely than women to commit occupational fraud.

Age and Education

Two other factors bear looking at - age and education. Once again, as far as size of loss goes, there is a direct correlation between age and amount lost-the older the perpetrator, the greater the loss-with the median loss for perpetrators over 60 years-old at more than \$700,000. That compares to a median loss of \$50,000 for perpetrators in the 26 to 30 age group, \$134,000 - \$135,000 for the 31 to 40 age group, \$250,000 for the 41 to 50 age group, and \$350,000 for the 51 to 60 age group. The good news for companies is that only 3 percent of fraud was committed by the over-60 group.

Half the perpetrators were over 40 and half under. The age group of 41 to 50 years was responsible for 35 percent of the reported fraud, compared to 32 percent for 31 - 40 (the 31 - 35's account for 16 percent, 36 - 40, 16 percent). The 30-and-under crowd rang up almost 15 percent of the fraud schemes.

Looking at education, it will be no surprise that the greater the education level of the perpetrator, the greater the losses of the fraud. What may be surprising is that only 12 percent of perpetrators had a post-graduate degree, while 33.5 percent had a Bachelor's degree. Nearly 22 percent of perpetrators have some college while 33 percent are only high school graduates.

So as noted above, fraud perpetrators come in all ages, ranks, and levels of education. But the more advanced a perpetrator is, the more costly the fraud.

Received 1/23/14
Partial Report

Commission to Study the Board of Corrections
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December 13, 2013

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Hon. Stanley Gerzofsky
Hon. Mark Dion
Members of the Joint Standing Committee on Criminal Justice and Public
Safety
126th Legislature

Re: Report of the Commission to Study the State Board of Corrections and the
Unified County Corrections System

Dear Sen. Gerzofsky, Rep. Dion and members of the Committee:

In accordance with the mandate of the Joint Resolution establishing the
Commission, as amended by the Legislative Council concerning the reporting
date, we are pleased to submit for your consideration our report and
recommendations for reform of the system of governance of the State Board of
Corrections and Unified County Corrections System.

It is our conclusion that the current system is not working as envisioned
by the Legislature when it created the current system in 2008, despite
enormous effort by many Maine citizen volunteers and corrections specialists.


We believe that changes in the scope of the authority, staffing
responsibilities, enforcement powers of the BOC, budget process and capital
planning could lead to greater understanding by the Legislature of the needs of
the correctional system, greater economies of scale in its operations, and
greater capacity to achieve its statutory goals.

Envisioning the county corrections system as more than a confederacy
of temporary alliances, but as a planned, coordinated system, with a more
equitable distribution of the cost burdens, would be in the best interest of the
people of Maine.

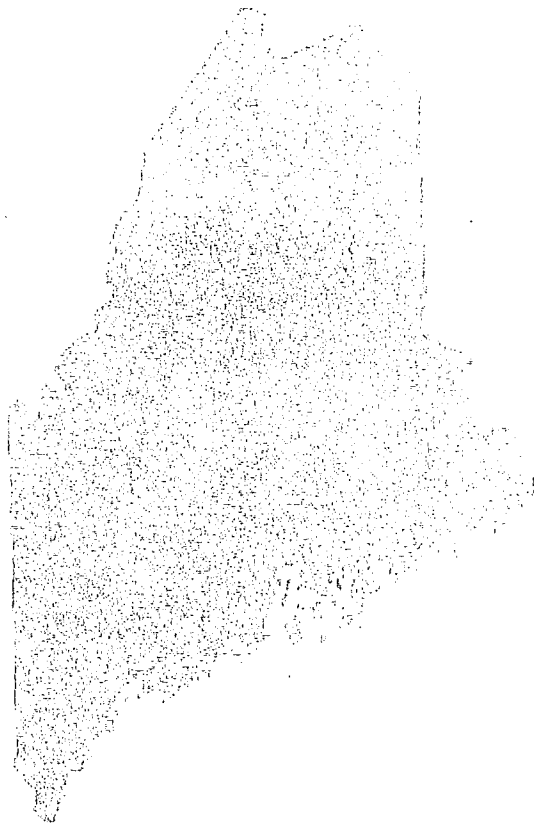
We will make every effort to be available at the convenience of the
Committee to respond to any questions you may have.

In closing, I want to acknowledge with genuine appreciation the
collegial work of the members of the Commission, who gave so generously of
their time and expertise, and of the many able staff who helped make this
report possible, especially William Whitten, Assistant County Manager,
Elizabeth Trice, Special Projects Coordinator, and Amy Fickett, Public
Relations Assistant of the Cumberland County Government.

Yours truly,


David T. Flanagan

**One Maine,
One System -**



Report of the Commission to Study the State Board of Corrections and the
Unified County Corrections System to the 126th Maine Legislature

One Maine, One System -

**Report of the Commission to Study the State Board of Corrections
and the Unified County Corrections System to the 126th Maine Legislature**

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I. Introduction

In 2008, Maine entered a new chapter in its organization of the county jail system. In essence, the state agreed to freeze the local property tax, and assume responsibility for financing any additional operational and some capital costs out of the General Fund, in consideration for the counties submitting to the oversight of a newly created Board of Corrections which would approve budgets, set goals, and champion economies of scale.

Now, five years later, the new system has displayed such serious shortcomings that the Legislature has initiated a special study of what's working and what's not, and directed this Commission to make recommendations for further reform by December 4, 2013. The following report and draft legislation is provided in fulfillment of that mandate.

II. Executive Summary

The Board of Corrections and the Unified County Corrections System were created by the Legislature in response to growing demands for inmate beds, proposed major capital spending to meet the need and concerns about the efficiency of the autonomous county system and the burden on local property taxpayers.

The Legislature adopted a hybrid solution to these challenges, "Capping county taxes in exchange for making unused space available to house inmates from elsewhere in the system,"¹ under the oversight of both the DOC and a new entity, the BOC. The BOC was invested with a mandate to promote efficiency, reduce recidivism and several other goals. But it was not equipped with sufficient authority or means to achieve those goals.

Recognizing the need for change, the 126th Legislature created a Commission to study the system and report back in advance of the second session.

The Commission identified 10 major problems:

1. An unrealistic funding process;
2. Lack of authority for the BOC
3. Too much time spent by the BOC on budget approval;
4. Goals and objectives neither defined nor met;
5. No jail standardization;
6. Innovative and high quality programs and incentives sacrificed;
7. Too many jails "not obeying the rules";
8. The current funding crisis;
9. Excessive pre-trial populations, coordination with the judicial system; and

¹ "Fund Report - Maine State Board of Corrections" RHR Smith & Co, CPAs, Accounting & Consulting Services Contract #CT95E20125-3230, June 11, 2012, pg. 9. Hereafter cited as "Smith."

10. Mental health needs inadequately addressed.

It then analyzed the root causes that contributed to the creation of these problems, namely:

1. Lack of a vision that the jails are part of a statewide criminal justice system which should be for the common benefit and protection, and the fair distribution of the common burden, of all the people of Maine;
2. Lack of ownership of the hybrid organization by the Legislature and Administration;
3. Lack of incentives and disincentives for system collaboration among the counties;
4. Incomplete executive leadership;
5. Lack of common accounting standards;
6. Lack of will and authority of the BOC to make and enforce critical decision; and,
7. Lack of a mechanism for systematic planning and funding capital expenses.

The Commission then considered four basic structural models for getting at the problems identified and their causes.

Briefly, those models were:

1. A return to autonomous county management and incremental property tax funding for future budget increases;
2. Creation of a new regional jail authority model with groups of 4 counties each following the Two Bridges Regional Jail Authority model;
3. A complete state take-over; and
4. Modification of the current BOC model, to give the Board real authority over budgets, contracts, standards and new construction.

Though each model had some appeal, the Commission settled on the modification of the current BOC as the most practical. Based on these conclusions, the Commission recommends the following changes to the current statute:

1. Vision:

Revise 34-A MRSA § 1801(2) to expressly state the BOC is empowered to adopt and require compliance with procedures, policies and regulations to promote statewide actions to plan, finance and execute a unified county correctional system.

2. BOC Representation:

By a majority vote, to retain the current membership composition of the BOC.

3. Provide enforcement incentives to assure compliance with BOC policies:

Amend 34-A § 1803 by adding a new subsection (12) to give the BOC explicit authority to:

- a. Provide discretionary funding for innovative projects;
- b. In the event a county does not comply with a lawful directive of the BOC, withhold funds otherwise allocated to that county until, in the judgment of the BOC, it comes into compliance; and

- c. In the event of a major breach in its directives, recommend to the DOC that it assume direct control of a facility pursuant to 34-A § 3009, in which case the county would be responsible for the costs incurred by the DOC.
4. Executive Leadership:
Amend 34-A MRSA § 1803-A to make explicit the duties and expectations for managing the business of the BOC by the Executive Director and the Financial Analyst, freeing the Board members to concentrate on issues of broad policy.
5. Common Accounting Standards:
Amend 34-A MRSA § 1803(5)(E) to give the BOC authority to establish common accounting standards consistent with State procedure concerning corrections related county budgets and to establish and enforce standard performance matrix and reporting formats for operational and capital investment issues as well. Rename the "Investment Fund" the "State Operations Support Fund" to clear up confusion regarding the use of these amounts.
6. BOC Authority:
Amend 34-A MRSA § 1803 to confer greater authority on the BOC to:
 - a. set standards
 - b. enter into contracts
 - c. offer back office services
 - d. assign inmates
 - e. encourage regional cooperation
 - f. monitor performance, and
 - g. collect and distribute funds, in order to promote economies of scale, efficiencies in operations, orderly expenditures of available funds and other related purposes.
7. Capital Investment:
Amend 34-A MRSA 1803(4) to provide that the BOC shall affirmatively establish a program for requiring 10 year major capital improvement plans from each of the counties, and prioritize projects for funding. These projects would then be funded by the creation of a transitional legislative provision to fund "Inverse Debt" in an amount equal to 10% per year of the estimated total CIP cost over the upcoming 10 year period for all capital projects of more than \$250,000. This new fund could then be called the "Major Capital Projects Sinking Fund"

For major capital needs, funding should be underwritten by a combination of State Appropriations and county bond issues in a way that ensures no county is required to make a property tax effort greater than the average for all counties. For projects of less than \$100,000 the county should be able to call upon its own reserves, and 30-A MRSA § 924(2) should be amended to allow fund balances to be maintained by the county based on 20% of corrections expenditures, as recommended by RHR Smith.²

It is the view of the Commission that county surplus funds should be available for use in a capital improvement program and placed in a capital improvement fund for a program

² Smith, p 15

approved by the BOC. Surplus funds may also be dedicated to a county's unfunded liability to the amount identified in the county budget, with the approval of the BOC.

8. Supplementary Legislation:

In addition to the foregoing measures to address the root causes of the BOC's problems, the Commission further recommends changes to achieve the goals of the BOC

Legislation as follows:

- a. Amend 34-A MRSA § 1803(3)(A) to improve pretrial management of cases by
 - i. mandating pretrial diversion and bail services statewide;
 - ii. developing and utilizing a standard minimum risk questionnaire to facilitate the use of bail in appropriate cases; and
 - iii. mandatory provision of video links with reliable interconnections in each jail for use for arraignments and other appropriate proceedings and trading usage by judges and DAs of such facilities.
9. It now appears that the budget is likely to be approximately \$2.8 million short for FY 2014 given certain assumptions. This Legislation should address that shortfall and ensure a realistic amount for FY 2015³ and begin funding the sinking fund for future capital consideration by a supplemental appropriation bill for consideration at the 2nd session of the 126th Legislature.

III. Mandate of the Commission

The 126th Legislature enacted the creation of a Joint Study Order Establishing a Commission to Study the State Board of Corrections and the Unified County Corrections System by LR 2171, which reads as follows:

126th Maine Legislature, LR 2171

Joint Study Order Establishing the Commission To Study the State Board of Corrections and the Unified County Corrections System

ORDERED, the Senate concurring, that, notwithstanding Joint Rule 353, the Blue Ribbon Commission To Study the State Board of Corrections and the Unified County Corrections System, referred to in this order as "the commission," is established as follows:

1. Membership. The commission consists of the following members:

- A. Three county commissioners, one of whom is appointed by the President of the Senate and 2 of whom are appointed by the Speaker of the House of Representatives from a list of 5 county commissioners submitted by the Maine County Commissioners Association;
- B. Three county administrators, 2 of whom are appointed by the President of the Senate and one of whom is appointed by the Speaker of the House of Representatives from a list of 5 county administrators submitted by the Maine Association of County Administrators and Managers;
- C. Two jail administrators, one of whom is appointed by the President of the Senate

³ See Appendix K

Forensic Mental Health Services Oversight Committee
126th Legislature 1st Session

EXECUTIVE DIRECTOR'S
OFFICE

January 8, 2014

2014 JAN -8 P 2:00

The Honorable Justin L. Alfond
Maine State Senate
State House Station #3
Augusta, Maine 04333-0003

The Honorable Mark W. Eves, Speaker
Maine House of Representatives
State House Station #2
Augusta, Maine 04333-0002

Dear President Alfond and Speaker Eves:

As chairs of the Forensic Mental Health Services Oversight Committee we write to request, pursuant to Joint Rule 353, section 7, an extension of the reporting date of the committee to February 24, 2014. In addition we write to request permission for the committee to meet once during the week of February 10, 2014 to finalize its recommendations and approve the report. The committee was established by Public Law 2013, Chapter 434, section 12. The reporting deadline set in the law is January 15, 2014.

The Forensic Mental Health Services Oversight Committee has worked diligently, has held 4 day long meetings, one of which was devoted to tours of the Lower Saco Unit of Riverview Psychiatric Center and the intensive mental health unit of the Maine State Prison. The committee has received assistance and information as requested from the Department of Corrections and the Department of Health and Human Services. In addition both departments were most cooperative in arranging the facility tours that the committee required in its work.

Thank you for your consideration.

Sincerely,



Senator Stan J. Gerzofsky
Senate Chair



Representative Drew Gattine
House Chair

cc: David Boulter
Marion Hylan Barr

STATE OF MAINE

IN THE YEAR OF OUR LORD
TWO THOUSAND AND THIRTEEN

H.P. 1087 - L.D. 1515

An Act To Increase the Availability of Mental Health Services

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, this legislation authorizes the Commissioner of Corrections to transfer an adult jail inmate to a correctional facility for the purpose of providing the inmate with mental health services, and to accept placement of certain adult defendants in a mental health unit of a correctional facility; and

Whereas, it is critically important to implement this authority as soon as possible in order to increase the availability of mental health services; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. 15 MRSA §101-D, sub-§5, as amended by PL 2013, c. 265, §2, is further amended to read:

5. Finding of incompetence; custody; bail. If, after hearing upon motion of the attorney for the defendant or upon the court's own motion, the court finds that any defendant is incompetent to stand trial, the court shall continue the case until such time as the defendant is determined by the court to be competent to stand trial and may either:

A. Commit the defendant to the custody of the Commissioner of Health and Human Services for appropriate placement in an appropriate program for observation, care and treatment of people with mental illness or persons with intellectual disabilities or autism. An appropriate program may be in an institution for the care and treatment of people with mental illness, an appropriate residential program that provides care and treatment for persons who have intellectual disabilities or autism, an intermediate care facility for persons who have intellectual disabilities or autism, a crisis

stabilization unit, a nursing home, a residential care facility, an assisted living facility, a hospice, a hospital, an intensive outpatient treatment program or any living situation program specifically approved by the court. At the end of 30 days or sooner, and again in the event of recommitment, at the end of 60 days and 180 days, the State Forensic Service or other appropriate office of the Department of Health and Human Services shall forward a report to the Commissioner of Health and Human Services relative to the defendant's competence to stand trial and its reasons. The Commissioner of Health and Human Services shall without delay file the report with the court having jurisdiction of the case. The court shall hold a hearing on the question of the defendant's competence to stand trial and receive all relevant testimony bearing on the question. If the State Forensic Service's report or the report of another appropriate office of the Department of Health and Human Services to the court states that the defendant is either now competent or not restorable, the court shall within 30 days hold a hearing. If the court determines that the defendant is not competent to stand trial, but there does exist a substantial probability that the defendant will be competent to stand trial in the foreseeable future, the court shall recommit the defendant to the custody of the Commissioner of Health and Human Services for appropriate placement in an appropriate program for observation, care and treatment of people with mental illness or persons with intellectual disabilities or autism. An appropriate program may be in an institution for the care and treatment of people with mental illness, an appropriate residential program that provides care and treatment for persons who have intellectual disabilities or autism, an intermediate care facility for persons who have intellectual disabilities or autism, a crisis stabilization unit, a nursing home, a residential care facility, an assisted living facility, a hospice, a hospital, an intensive outpatient treatment program or any living situation program specifically approved by the court. When a person who has been evaluated on behalf of the court by the State Forensic Service or other appropriate office of the Department of Health and Human Services is committed into the custody of the Commissioner of Health and Human Services under this paragraph, the court shall order that the State Forensic Service or other appropriate office of the Department of Health and Human Services share any information that it has collected or generated with respect to the person with the institution or residential program in which the person is placed. If the defendant is charged with an offense under Title 17-A, chapter 9, 11 or 13 or Title 17-A, section 506-A, 802 or 803-A and the court determines that the defendant is not competent to stand trial and there does not exist a substantial probability that the defendant can be competent in the foreseeable future, the court shall dismiss all charges against the defendant and, unless the defendant is subject to an undischarged term of imprisonment, order the Commissioner of Health and Human Services to commence proceedings pursuant to Title 34-B, chapter 3, subchapter 4. If the defendant is charged with an offense other than an offense under Title 17-A, chapter 9, 11 or 13 or Title 17-A, section 506-A, 802 or 803-A and the court determines that the defendant is not competent to stand trial and there does not exist a substantial probability that the defendant can be competent in the foreseeable future, the court shall dismiss all charges against the defendant and, unless the defendant is subject to an undischarged term of imprisonment, notify the appropriate authorities who may institute civil commitment proceedings for the individual. If the defendant is subject to an undischarged term of imprisonment, the court shall order

the defendant into execution of that sentence and the correctional facility to which the defendant must be transported shall execute the court's order; or

B. Issue a bail order in accordance with chapter 105-A, with or without the further order that the defendant undergo observation at an institution for the care and treatment of people with mental illness, an appropriate residential program that provides care and treatment for persons who have intellectual disabilities or autism, an intermediate care facility for persons who have intellectual disabilities or autism, a crisis stabilization unit, a nursing home, a residential care facility, an assisted living facility, a hospice, a hospital approved by the Department of Health and Human Services or an intensive outpatient treatment program ~~or a living situation any program~~ specifically approved by the court or by arrangement with a private psychiatrist or licensed clinical psychologist and treatment when it is determined appropriate by the State Forensic Service. When outpatient observation and treatment is ordered an examination must take place within 45 days of the court's order and the State Forensic Service shall file its report of that examination within 60 days of the court's order. The State Forensic Service's report to the court must contain the opinion of the State Forensic Service concerning the defendant's competency to stand trial and its reasons. The court shall without delay set a date for and hold a hearing on the question of the defendant's competence to stand trial, which must be held pursuant to and consistent with the standards set out in paragraph A.

Sec. 2. 34-A MRSA §1001, sub-§11-B is enacted to read:

11-B. Likelihood of serious harm. "Likelihood of serious harm" means a:

A. Substantial risk of physical harm to a person, as manifested by that person's recent threats of, or attempts at, suicide or serious self-inflicted harm;

B. Substantial risk of physical harm to other persons, as manifested by a person's recent homicidal or other violent behavior or recent conduct placing others in reasonable fear of serious physical harm; or

C. Reasonable certainty that a person will suffer severe physical or mental harm as manifested by that person's recent behavior demonstrating an inability to avoid risk or to protect the person's self adequately from impairment or injury.

This subsection is repealed August 1, 2017.

Sec. 3. 34-A MRSA §1001, sub-§12-A is enacted to read:

12-A. Person with mental illness. "Person with mental illness" means a person who has attained 18 years of age and has been diagnosed as having a psychiatric or other illness that substantially impairs that person's mental health. An intellectual disability as defined in Title 34-B, section 5001, subsection 3 or a personality disorder is not a psychiatric or other illness for purposes of this subsection. This subsection is repealed August 1, 2017.

Sec. 4. 34-A MRSA §3049 is enacted to read:

§3049. Involuntary medication of person with mental illness

1. Grounds for involuntary medication. A person with mental illness residing in a mental health unit of a correctional facility that provides intensive mental health care and treatment may be given medication for the mental illness without the consent of the person if, upon application by the chief administrative officer of the facility, the Superior Court of the county in which the correctional facility is located finds by clear and convincing evidence that:

- A. The person is a person with mental illness;
- B. As a result of the mental illness, the person poses a likelihood of serious harm;
- C. The medication has been recommended by the facility's treating psychiatrist as treatment for the person's mental illness;
- D. The recommendation for the medication has been supported by a professional who is qualified to prescribe the medication and who does not provide direct care to the person;
- E. The person lacks the capacity to make an informed decision regarding medication;
- F. The person is unable or unwilling to consent to the recommended medication;
- G. The need for the recommended medication outweighs the risks and side effects; and
- H. The recommended medication is the least intrusive appropriate treatment option.

For purposes of this subsection, "intensive mental health care and treatment" means daily on-site psychiatric treatment services, daily on-site group and individual mental health treatment and other therapeutic programs and 24-hour on-call psychiatric coverage and includes, as authorized in accordance with this section, the ability to order and administer involuntary medication for treatment purposes.

2. Rights prior to involuntary medication. Except as provided in this section, a person who is the subject of an application for an order permitting involuntary medication pursuant to this section must be provided, before being medicated, a court hearing at which the person has the following rights.

- A. The person is entitled, at least 7 days before the hearing, to written notice of the hearing and a copy of the application for an order permitting involuntary medication, including the specific factual basis for each of the grounds set out in subsection 1.
- B. The person is entitled to be present at the hearing.
- C. The person is entitled to be represented by counsel.
- D. The person is entitled to present evidence, including by calling one or more witnesses.
- E. The person is entitled to cross-examine any witness who testifies at the hearing.
- F. The person is entitled to appeal to the Supreme Judicial Court any order by the Superior Court permitting involuntary medication.

3. Court hearing. Except as provided in this section, the following applies to the court hearing.

A. The Superior Court may, in its discretion, grant a continuation of the hearing for up to 10 days for good cause shown.

B. The Maine Rules of Evidence apply.

C. The Supreme Judicial Court may adopt such rules of court procedure as it determines appropriate.

D. If the person is indigent, costs of counsel and all other costs, including all costs on appeal, must be provided by the Maine Commission on Indigent Legal Services as in other civil cases.

E. The Superior Court may, in its discretion, subpoena any witness and, if the person is indigent, the witness fees must be provided by the Department of Health and Human Services.

F. The hearing must be electronically recorded and, if an appeal is brought and the person is indigent, the transcript fee must be provided by the Department of Health and Human Services.

G. The order and the application for the order, the hearing, the record of the hearing and all notes, exhibits and other evidence are confidential.

4. Ex parte order. When there exists an imminent likelihood of serious harm, the Superior Court may enter an ex parte order permitting involuntary medication. An application for the ex parte order must include all the information otherwise required under this section, as well as the specific factual basis for the belief that the likelihood of serious harm is imminent. The ex parte order and the application for the ex parte order, the proceeding, any record of the proceeding and all notes, exhibits and other evidence are confidential. If the court enters an ex parte order permitting involuntary medication, a hearing conforming with the requirements of subsections 2 and 3 must be held within 10 days.

5. Court order. If the Superior Court finds by clear and convincing evidence that each of the grounds set out in subsection 1 has been met, the court may grant the application for involuntary medication, as requested or as may be modified based upon the evidence, and may authorize the correctional facility's chief administrative officer to permit qualified health care staff to order and administer medication for treatment of the mental illness, as well as laboratory testing and medication for the monitoring and management of side effects.

6. Periodic review. Involuntary medication of a person under this section may continue only with periodic reviews consisting of subsequent hearings conforming with the requirements of subsections 2 and 3 to take place at least once every 120 days.

7. Medication by consent. This section does not preclude giving medication for a mental illness when either the person to receive the medication or the person's legal guardian, if any, consents to the medication.

8. Repeal. This section is repealed August 1, 2017.

Sec. 5. 34-A MRSA §3069-A is enacted to read:

§3069-A. Transfer of jail inmates for mental health services

1. Eligible inmates. The commissioner may transfer from a jail to a correctional facility an adult inmate who the chief administrative officer of the Riverview Psychiatric Center confirms is eligible for admission to a state mental health institute under Title 34-B, section 3863, but for whom no suitable bed is available, for the purpose of providing to the inmate mental health services in a mental health unit of a correctional facility that provides intensive mental health care and treatment. The commissioner may not transfer pursuant to this section a person who has been found not criminally responsible by reason of insanity. The commissioner may return an inmate transferred pursuant to this subsection back to the sending facility.

For purposes of this subsection, "intensive mental health care and treatment" has the same meaning as in section 3049, subsection 1.

2. Evaluation. The commissioner may transfer from a jail to a correctional facility an adult inmate whom the court orders to be examined or further evaluated by the State Forensic Service under Title 15, section 101-D, subsection 1, 2, 3 or 9 if the State Forensic Service determines that the jail where the inmate is incarcerated cannot provide an appropriate setting for the examination but that a mental health unit in a correctional facility can provide an appropriate setting for the examination. The commissioner shall return an inmate transferred pursuant to this subsection back to the sending facility upon the completion of the examination ordered, including any further evaluation ordered, unless the commissioner transferred the inmate for another reason in addition to the examination.

3. Disclosure of information. With respect to an adult inmate who has previously been hospitalized under Title 34-B, chapter 3, subchapter 4, the commissioner may make it a prerequisite to a transfer of the inmate under this section that necessary information be disclosed to the department pursuant to Title 34-B, section 1207, subsection 1, paragraph B.

4. Application of other laws. All other applicable provisions of law governing inmates, whether detained pending a trial or other court proceeding or sentenced, apply to inmates transferred under this section.

5. Discretion. Nothing in this section or in any other provision of law requires the commissioner to transfer an adult inmate from a jail to a correctional facility or precludes the commissioner from transferring an adult inmate from a jail to a correctional facility at any time for any other reason at the commissioner's discretion.

6. Repeal. This section is repealed August 1, 2017.

Sec. 6. 34-A MRSA §3069-B is enacted to read:

§3069-B. Placement of defendants for observation

1. Acceptance of placement. The commissioner may accept the placement of an adult defendant in a mental health unit of a correctional facility that provides intensive mental health care and treatment for observation whom a court commits to the custody of the Commissioner of Health and Human Services under Title 15, section 101-D, subsection 4 if, in addition to the findings required under Title 15, section 101-D, subsection 4, the court, after hearing, finds by clear and convincing evidence that:

A. The defendant is a person with mental illness and, as a result of the defendant's mental illness, the defendant poses a likelihood of serious harm to others;

B. There is not sufficient security at a state mental health institute to address the likelihood of serious harm; and

C. There is no other less restrictive alternative to placement in a mental health unit of a correctional facility.

The commissioner may not accept the placement of a person who has been found not criminally responsible by reason of insanity.

For purposes of this subsection, "intensive mental health care and treatment" has the same meaning as in section 3049, subsection 1.

2. Termination of placement. The commissioner may terminate the placement of a defendant accepted pursuant to this section if the commissioner determines that the likelihood of serious harm posed by the defendant has decreased or the security at a state mental health institute has increased or for any other reason.

3. Disclosure of information. With respect to an adult defendant who has previously been hospitalized under Title 34-B, chapter 3, subchapter 4, the commissioner may make it a prerequisite to accepting placement of the defendant under this section that necessary information be disclosed to the department pursuant to Title 34-B, section 1207, subsection 1, paragraph B.

4. Application of other laws. All other applicable provisions of law governing defendants committed for observation apply to defendants accepted for placement under this section.

5. Discretion. Nothing in this section or in any other provision of law requires the commissioner to accept the placement of a defendant who is committed for observation.

6. Repeal. This section is repealed August 1, 2017.

Sec. 7. 34-B MRSA §1207, sub-§1, ¶B, as repealed and replaced by PL 2009, c. 415, Pt. A, §20, is amended to read:

B. Information may be disclosed if necessary to carry out the statutory functions of the department; the hospitalization provisions of chapter 3, subchapter 4; the provisions of section 1931; the purposes of sections 3607-A and 3608; the purposes of Title 5, section 19506; the purposes of United States Public Law 99-319, dealing with the investigatory function of the independent agency designated with advocacy

and investigatory functions under United States Public Law 88-164, Title I, Part C or United States Public Law 99-319; ~~or the investigation and hearing pursuant to Title 15, section 393, subsection 4-A; or the provision of mental health services by the Department of Corrections pursuant to Title 34-A, section 3031, 3069-A or 3069-B.~~ This paragraph is repealed August 1, 2017;

Sec. 8. 34-B MRSA §1207, sub-§1, ¶B-3 is enacted to read:

B-3. Information may be disclosed if necessary to carry out the statutory functions of the department; the hospitalization provisions of chapter 3, subchapter 4; the provisions of section 1931; the purposes of sections 3607-A and 3608; the purposes of Title 5, section 19506; the purposes of United States Public Law 99-319, dealing with the investigatory function of the independent agency designated with advocacy and investigatory functions under United States Public Law 88-164, Title I, Part C or United States Public Law 99-319; or the investigation and hearing pursuant to Title 15, section 393, subsection 4-A. This paragraph takes effect August 1, 2017;

Sec. 9. Report of Department of Health and Human Services and Department of Corrections. By January 15, 2015, the Department of Health and Human Services shall, in collaboration with the Department of Corrections, submit a report to the joint standing committee of the Legislature having jurisdiction over criminal justice matters regarding the operations of a mental health unit within a correctional facility. The report must include the following information regarding the mental health unit: the average daily population of the unit, the average daily staffing patterns, the average length of stay in the unit, a description of services provided and the number of persons placed in the unit pursuant to the Maine Revised Statutes, Title 34-A, sections 3069-A and 3069-B. The report must also include any recommendations for reallocation of resources or the redesign of services of the mental health unit, the forensic services provided at Riverview Psychiatric Center and the transfer provisions of Title 34-A, sections 3069-A and 3069-B.

Sec. 10. Report of the Department of Corrections. By January 15, 2015, the Department of Corrections shall submit a report to the joint standing committee of the Legislature having jurisdiction over criminal justice matters regarding the number of applications submitted and orders granted pursuant to the Maine Revised Statutes, Title 34-A, section 3049.

Sec. 11. Report of the Department of Health and Human Services. The Department of Health and Human Services shall prepare a plan regarding how to fully assess for brain injury or suspected brain injury persons who enter into the custody of the department under the Maine Revised Statutes, Title 15, section 101-D or section 103. The plan must include how the department will meet the needs of persons who have traumatic or acquired brain injuries. By January 15, 2015, the department shall report on its plan to the joint standing committee of the Legislature having jurisdiction over criminal justice matters.

Sec. 12. Forensic Mental Health Services Oversight Committee.

1. Establishment. The Forensic Mental Health Services Oversight Committee, referred to in this section as "the committee," is established to oversee the provision of mental health services to persons receiving services as forensic patients in correctional facilities in the State.

2. Appointment; chairs; convening; meetings. The committee consists of 9 members, including 5 members from the political party holding the most seats in the Legislature and 4 members from the political party holding the 2nd most seats in the Legislature. The President of the Senate shall appoint 4 members of the Senate. The first named member of the Senate serves as Senate chair. The Speaker of the House of Representatives shall appoint 5 members of the House of Representatives. The first named member of the House of Representatives serves as House chair. All appointments must be made no later than 30 days following the effective date of this section. The appointing authorities shall notify the Executive Director of the Legislative Council once all appointments have been completed. When the appointment of all members has been completed, the chairs shall call the first meeting of the committee. If 30 days or more after the effective date of this section a majority but not all of the appointments have been made, the chairs may request authority for the committee to meet and conduct its business and the Legislative Council may grant that authority. The committee is authorized to meet up to 4 times.

3. Duties. The committee shall oversee expansion of the Mental Health Unit at the Maine State Prison, as provided in this Act. The committee shall review and consider for the purpose of making recommendations the following:

- A. Any memorandum of understanding executed between the Department of Corrections and the Department of Health and Human Services for the purposes of implementation;
- B. The addition of new staff and training of staff at the Maine State Prison;
- C. Decision-making authority related to admissions, release and transfer to and from the Mental Health Unit;
- D. Eligibility standards;
- E. Due process safeguards for placement and treatment decisions; and
- F. Impact on resources and population of Riverview Psychiatric Center and county jails.

4. Cooperation. The Department of Corrections, the State Board of Corrections, the Department of Health and Human Services, the judicial branch and the Office of the Attorney General shall provide to the committee all assistance and information necessary to its oversight duties.

5. Compensation. Members of the committee are entitled to receive compensation at the legislative per diem rate and reimbursement of necessary expenses for attendance at authorized meetings of the committee.

6. **Report.** Notwithstanding Joint Rule 353, the committee shall submit its recommendations, including any proposed legislation, by January 15, 2014 for introduction to the Second Regular Session of the 126th Legislature for legislative action.

7. **Staff assistance.** The Legislative Council shall provide staffing services to the committee.

Sec. 13. Addressing concerns of federal Department of Health and Human Services. The Department of Health and Human Services shall report at each meeting of the Joint Standing Committee on Health and Human Services held from September 2013 to December 2013 and any time the committee requests to the Joint Standing Committee on Health and Human Services regarding the issues raised in the report issued by the federal Department of Health and Human Services, Centers for Medicare and Medicaid Services in 2013, including:

1. **Lower Saco Unit.** The plan to recertify the Lower Saco Unit at the Riverview Psychiatric Center; and

2. **Model.** The plan to implement a recovery and rehabilitation model at the Riverview Psychiatric Center.

The report must address the hiring and training of staff and any other necessary structural changes that must be implemented in order to correct the issues raised in the 2013 report.

The Department of Health and Human Services shall provide a report on the issues outlined in this section to the Joint Standing Committee on Appropriations and Financial Affairs prior to December 1, 2013.

Sec. 14. Appropriations and allocations. The following appropriations and allocations are made.

CORRECTIONS, DEPARTMENT OF

Correctional Medical Services Fund 0286

Initiative: Provides funds for contracted clinical staff to staff a mental health unit at the Maine State Prison effective February 15, 2014.

GENERAL FUND	2013-14	2014-15
All Other	\$1,381,771	\$0
GENERAL FUND TOTAL	\$1,381,771	\$0

CORRECTIONS, DEPARTMENT OF	2013-14	2014-15
DEPARTMENT TOTALS		

GENERAL FUND	\$1,381,771	\$0
DEPARTMENT TOTAL - ALL FUNDS	<u>\$1,381,771</u>	<u>\$0</u>

HEALTH AND HUMAN SERVICES, DEPARTMENT OF (FORMERLY DHS)

Departmentwide 0640

Initiative: Reduces funding from salary savings. Notwithstanding any other provision of law, the State Budget Officer shall calculate the amount of savings in this Act that applies to each General Fund account in the Department of Health and Human Services and shall transfer the amounts by financial order upon approval of the Governor. These transfers are considered adjustments to appropriations in fiscal year 2013-14.

GENERAL FUND	2013-14	2014-15
Personal Services	(\$1,382,521)	\$0
GENERAL FUND TOTAL	<u>(\$1,382,521)</u>	<u>\$0</u>

HEALTH AND HUMAN SERVICES, DEPARTMENT OF (FORMERLY DHS) DEPARTMENT TOTALS

	2013-14	2014-15
GENERAL FUND	(\$1,382,521)	\$0
DEPARTMENT TOTAL - ALL FUNDS	<u>(\$1,382,521)</u>	<u>\$0</u>

INDIGENT LEGAL SERVICES, MAINE COMMISSION ON

Maine Commission on Indigent Legal Services Z112

Initiative: Provides funds for indigent legal services.

GENERAL FUND	2013-14	2014-15
All Other	\$750	\$0
GENERAL FUND TOTAL	<u>\$750</u>	<u>\$0</u>

INDIGENT LEGAL SERVICES, MAINE COMMISSION ON DEPARTMENT TOTALS

	2013-14	2014-15
GENERAL FUND	\$750	\$0

DEPARTMENT TOTAL - ALL FUNDS	<u>\$750</u>	<u>\$0</u>
SECTION TOTALS	2013-14	2014-15
GENERAL FUND	\$0	\$0
SECTION TOTAL - ALL FUNDS	<u>\$0</u>	<u>\$0</u>

Sec. 15. Effective date. That section of this Act that amends the Maine Revised Statutes, Title 15, section 101-D, subsection 5 takes effect October 9, 2013.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved, except as otherwise indicated.