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REPORT OF THE TASK FORCE TO EVALUATE  
AND  
REVISE THE MAINE HEALTH PROGRAM-PHASE ONE

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April 15, 1991

Report of the Task Force to Evaluate and Revise the Maine Health  
Program-Phase one

To the Joint Standing Committee on Appropriations:

This report represents the unanimous findings and recommendations of the members of the Task Force.

You have charged us, given the present budgetary crisis, with determining whether there are currently sufficient controls, restrictions, and requirements to ensure that the Maine Health Program will not expend state funds in excess of the \$6,500,000 supplemental appropriation for the remainder of fiscal year 1990-91. You have charged us further with recommending any additional changes to the program for the balance of FY 1990-91 to ensure that program expenditures do not exceed the supplemental appropriation and to report to you by April 15, 1991.

Our findings and recommendations are based on current data supplied by the Department of Human Services on enrollment, client age distribution, per capita costs for adults and children, benefits provided by diagnostic category, inpatient-outpatient distribution, non-hospital benefits, payments by third parties, and shifts of clients to federally reimbursed programs. We have also relied on best estimates for the period from May 1 to June 30, 1991, recognizing that the the Maine Health Program is only six months old so that extrapolation is difficult, that current computer programs are being refined and cannot yet extract all desired data, and that the time available to carry out this Phase one study was short.

Findings

We find that there are presently not sufficient controls, restrictions, and requirements to ensure that expenditures under the Maine Health Program will not exceed available funds for FY 1990-91. If there are no changes in the program, expenditures would exceed available funds by \$2,029,882.

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We find that the major reasons for the projected excess of expenditures over available funds are the following:

1. Larger than anticipated enrollment in the program at least in part attributable to the recession.

By February 26, 1991, the cutoff date for new adult enrollment, clients entered the program at the rate of two thousand per month.

2. Higher than anticipated costs per case.

Preliminary estimates that costs of the Maine Health Program costs would parallel those of Medicaid were inaccurate for the early months of the program.

Pent-up demand for costly services from clients who entered the program with serious untreated health problems drove up per capita costs.

Most costly cases are for services to adults who represent a substantially larger percentage of the client base than under Medicaid.

3. Higher than anticipated use of inpatient services.

54% of total expenditures pay for inpatient services. 30% of this total represents claims for inpatient psychiatric, alcohol, and substance abuse services.

#### Recommendations

Our recommendations embody the limitations inherent in finding \$2,029,882 of savings in the two months left in the current fiscal year. We wish to emphasize that these recommendations are for short-term savings and do not constitute or limit our recommendations for the 1991-93 biennium.

1. Eliminate the category called "work disregard allowance" for adult enrollees over 95% of the poverty level for May and June, 1991. \$200,000

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2. Limit adult and child inpatient care for inpatient psychiatric, alcohol, and substance abuse treatment at general and psychiatric hospitals to 3 days for May and June, 1991.	\$183,513
3. Shift additional "medically needy" category patients above the \$250,000 early estimates to Medicaid.	100,000.
4. Savings from ending adult enrollment in MHP resulting in suppressed utilization beginning Feb. 27, decline in capitation costs, and provider "dropout" from MHP.	1,045,379
5. Eliminate the transition component for May and June, 1991. DHS estimates 325 people are affected.	33,648
6. Subtract from cost to Maine HCFA Demonstration Grant (child) income effective April 1, 1991.	385,000

The Task Force believes that these savings, together with unavoidable, ordinary lags in receiving claims for payment through June 30, 1991 will eliminate any shortfall through June 30, 1991.

The Task Force will begin its Phase 2 deliberations immediately. As we deliberate, we will continue to receive FY 1990-91 updates from the Department of Human Services on the reliability of our estimates. Should the recommendations we have made prove inadequate to achieve the objective of a balance between available funds and expenditures for FY 1990-91, we will make additional recommendations to achieve that objective.

We also recommend the following amendments to the Maine Health Program statute.

1. Provide the Department of Human Services with the authority by rulemaking to set a deadline by which the preliminary application for coverage by the Maine Health Program must be received by DHS in order to be valid.

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2. Add the following Medicaid eligibility requirements:

That the applicant be a citizen or lawfully admitted alien.

That the applicant cooperate in obtaining medical benefits from a legally responsible parent.

That the applicant furnish a social security number or provide verification that application for such a number has been made.

3. Provide the Department of Human Services with authority to implement surveillance and utilization control review and quality control evaluation to the same extent such programs exist in the Medicaid Program.

4. Include the "person" as an option when the Department of Human Services is paying premiums for enrollees and/or their dependents.

5. Provide the Department with authority to coordinate benefits with all health insurance policies, not only employer supported plans.

6. Define 18 and 19 year olds as children if analysis by the Department of Human Services determines that income from federal funds for benefits to this group would exceed the costs to the State of Maine of such benefits.

We urge the passage of emergency legislation to make the savings and statutory recommendations effective for May and June, 1991.

We request that the legislation include an extension until June 1, 1991 for the Phase 2 report of the Maine Health Program task force.

Respectfully submitted,

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