

# MAINE STATE LEGISLATURE

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*State Of Maine  
122nd Legislature*

*First Regular Session and  
First Special Session*

*Bill Summaries*

*Joint Standing Committee  
on  
Health and Human Services*

*August 2005*

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Maine State Legislature

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122nd Legislature
First Regular Session and First Special Session

Summary of Legislation Considered by the Joint Standing Committees
August 2005

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing select committees of the Maine Legislature this past session. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills considered by the committees. It is organized by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. A subject index for each committee is included immediately before the bill summaries for that committee, and a numerical index by LD number is included at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

- CARRIED OVER ..... Bill Carried Over to Second Regular Session
CON RES XXX..... Chapter # of Constitutional Resolution passed by both Houses
CONF CMTE UNABLE TO AGREE..... Committee of Conference unable to agree; bill died
DIED BETWEEN BODIES..... House & Senate disagree; bill died
DIED IN CONCURRENCE..... One body accepts ONTP report; the other indefinitely postpones the bill
DIED ON ADJOURNMENT..... Action incomplete when session ended; bill died
EMERGENCY..... Enacted law takes effect sooner than 90 days
FAILED EMERGENCY ENACTMENT/FINAL PASSAGE..... Emergency bill failed to get 2/3 vote
FAILED ENACTMENT/FINAL PASSAGE..... Bill failed to get majority vote
FAILED MANDATE ENACTMENT..... Bill imposing local mandate failed to get 2/3 vote
NOT PROPERLY BEFORE THE BODY..... Ruled out of order by the presiding officers; bill died
INDEF PP..... Bill Indefinitely Postponed
ONTP..... Ought Not To Pass report accepted
OTP ND..... Committee report Ought To Pass In New Draft
OTP ND/NT..... Committee report Ought To Pass In New Draft/New Title
P&S XXX..... Chapter # of enacted Private & Special Law
PUBLIC XXX..... Chapter # of enacted Public Law
RESOLVE XXX..... Chapter # of finally passed Resolve
UNSIGNED..... Bill held by Governor
VETO SUSTAINED..... Legislature failed to override Governor's Veto

Please note the effective date for all non-emergency legislation enacted in the First Regular Session (unless otherwise specified in a particular law) is June 29, 2005; and for non-emergency legislation enacted in the First Special Session is September 17, 2005.

*Joint Standing Committee on Health and Human Services*

**LD 1673**

**An Act To Implement Certain Recommendations of the  
Commission To Study Maine's Community Hospitals**

**PUBLIC 394**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO	OTP-AM A	S-356
PINGREE	ONTP B	S-363 MAYO
	OTP-AM C	

LD 1673 proposed to enact the recommendations of the Commission to Study Maine's Community Hospitals established in Public Law 2003, chapter 469, which created Dirigo Health. The Commission to Study Maine's Community Hospitals was charged with the duty to study the role of community hospitals in the 21st century, including assessing cost efficiencies, cost effectiveness and overall affordability of available health care services. Specifically, the bill proposed to accomplish the following.

1. Amend the Hospital Cooperation Act to make it easier for hospitals to collaborate by reducing concerns relative to antitrust ramifications. It also extends the Act to include health care providers other than hospitals, and changes the short title of the law to "the Hospital and Health Care Provider Cooperation Act."
2. Require hospitals to submit to the Maine Health Data Organization their annual financial information using electronic standardized accounting template software designed by the Governor's Office of Health Policy and Finance and provided to hospitals by the Maine Health Data Organization.
3. Continue voluntary targets for hospitals for:
  - A. Hospital entity operating margins;
  - B. Cost increases for a mixed inpatient and outpatient measure; and
  - C. Cost increases for an inpatient-only measure.

The operating margin target would not be more than 3%. The mixed inpatient and outpatient cost increase target would not be more than the forecasted increase in the hospital market basket index for the coming federal fiscal year. The inpatient-only cost increase target would be negotiated between the Maine Hospital Association and the Governor's Office of Health Policy and Finance and determined no later than October 1, 2005.

4. Instruct the Maine Hospital Association and the Governor's Office of Health Policy and Finance to agree by January 1, 2006 on a timetable, format and methodology for the hospital association to measure and report on outpatient cost-efficiency. The methodology would use the ambulatory payment classification system as the unit of cost.
5. Request that the Maine Hospital Association develop, by January 1, 2006, standardized definitions of various administrative cost categories that hospitals may use when establishing budgets and reporting spending on administrative costs.
6. Instruct the Governor's Office of Health Policy and Finance to convene a health care administrative streamlining work group to facilitate the creation and implementation of a single portal through which hospitals can access and transmit member eligibility, benefit and claims information from multiple insurers. The work group would be directed to investigate funding mechanisms, including seeking outside funding for

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start-up and ongoing operational costs, with the intention that the portal become independent and sustainable over time, and ways to ensure that savings resulting from implementation of such a portal are passed on to purchasers in the form of rate reduction by hospitals and other providers and by reduction in administrative costs by insurers and 3rd-party administrators. The work group would also consider the incorporation of medical and quality data to the extent possible in the future. The work group would be directed to submit a report and any necessary suggested legislation to the Governor and the joint standing committee of the Legislature having jurisdiction over health and human services matters and the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters no later than November 1, 2006.

7. Instruct the Department of Health and Human Services to review the existing hearing process provided in the laws governing certificates of need to determine whether that process ensures that the Commissioner of Health and Human Services has all the information needed to make a fair and accurate determination of whether each project proposed for certification meets the needs of Maine citizens. It would direct the Department of Health and Human Services to conduct the review described and then report its findings and any proposed changes to the law to the joint standing committee of the Legislature having jurisdiction over health and human services matters no later than January 1, 2006. It also proposed to require that the department, by January 1, 2006, review and make recommendations regarding the certificate of need program's staffing needs and fee structure, including comparisons to other states, and report its findings to the joint standing committee of the Legislature having jurisdiction over health and human services matters.

### *Enacted law summary*

Public Law 2005, chapter 394 enacts certain recommendations of the Commission to Study Maine's Community Hospitals established in Public Law 2003, chapter 469, which created Dirigo Health. It requires hospitals to submit to the Maine Health Data Organization their annual financial information using an electronic standardized accounting template. It continues voluntary targets for hospitals for hospital entity operating margins; cost increases for a mixed inpatient and outpatient measure; and cost increases for an inpatient-only measure. The operating margin target is not more than 3% applied to the consolidated hospital system. The mixed inpatient and outpatient cost increase target is no more than 110% of the forecasted increase in the hospital market basket index for the coming federal fiscal year. The inpatient-only cost increase target will be negotiated between the Maine Hospital Association and the Governor's Office of Health Policy and Finance and determined no later than October 1, 2005. It instructs the Maine Hospital Association and the Governor's Office of Health Policy and Finance to agree by January 1, 2006 on a timetable, format and methodology for the hospital association to measure and report on outpatient cost-efficiency. The methodology must use the ambulatory payment classification system as the unit of cost. It requests that the Maine Hospital Association develop, by January 1, 2006, standardized definitions of various administrative cost categories that hospitals may use when establishing budgets and reporting spending on administrative costs. It instructs the Governor's Office of Health Policy and Finance to convene a health care administrative streamlining work group to facilitate the creation and implementation of a single portal through which hospitals can access and transmit member eligibility, benefit and claims information from multiple insurers. The work group is directed to investigate funding mechanisms, including seeking outside funding for start-up and ongoing operational costs, with the intention that the portal become independent and sustainable over time, and ways to ensure that savings resulting from implementation of such a portal are passed on to purchasers in the form of rate reduction by hospitals and other providers and by reduction in administrative costs by insurers and 3rd-party administrators. The work group may also consider the incorporation of medical and quality data to the extent possible in the future. The work group is directed to submit a report and any necessary suggested legislation to the Governor and the joint standing committee of the Legislature having jurisdiction over health and human services matters and the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters no later than November 1, 2006. The

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law requires review in 2006 of the proposals in the bill that were not enacted by the joint standing committee of the Legislature having jurisdiction over health and human services matters. The law requires that the rule-making provisions of the Maine Administrative Procedure Act apply to rulemaking by the Governor's Office of Health Policy and Finance. The law directs that legislative oversight of Dirigo Health be governed by the joint rules and requires consideration of ensuring thorough and ongoing oversight, normal budgetary procedures and controls and consistency with the subject matter jurisdiction of the joint standing committees.

**LD 1683**

**An Act To Clarify Entities Eligible for Funding by the Maine Health and Higher Educational Facilities Authority**

**PUBLIC 407  
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO SMITH N	OTP-AM	S-339

LD 1683 proposed to expand the list of entities and facilities that qualify for financing by the Maine Health and Higher Educational Facilities Authority to include certain licensed air ambulances.

### *Enacted law summary*

Public Law 2005, chapter 407 expands the list of entities and facilities that qualify for financing by the Maine Health and Higher Educational Facilities Authority to include certain licensed air ambulances.

Public Law 2005, chapter 407 was enacted as an emergency measure effective June 17, 2005.