

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Require Insurers To Use Savings from Dirigo Health To Reduce Premiums

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

Sec. 1. 24-A MRSA §6913, sub-§2, ¶C, as enacted by PL 2005, c. 400, Pt. A, §11, is amended to read:

C. The savings offset amount must reflect and may not exceed 75% of the aggregate measurable cost savings, as determined by the board pursuant to subsection 1; and

Sec. 2. 24-A MRSA §6913, sub-§7, as enacted by PL 2003, c. 469, Pt. A, §8, is amended to read:

7. Demonstration of recovery of cost savings and savings offset payments through reduction in rate of growth in State's health spending and bad debt and charity care.

In accordance with the requirements of this subsection, every health insurance carrier and health care provider shall demonstrate that best efforts have been made to ensure that a carrier has recovered savings offset payments made all of the cost savings determined by the board pursuant to this section subsection 1, including savings offset payments, through negotiated reimbursement rates that reflect health care providers' reductions or stabilization in the cost of bad debt and charity care as a result of the operation of Dirigo Health and any increased enrollment due to an expansion in MaineCare eligibility occurring after June 30, 2004.

A. A health insurance carrier shall use best efforts to ensure health insurance premiums reflect any such recovery of cost savings and savings offset payments as those cost savings and savings offset payments are reflected through incurred claims experience in accordance with subsection 9.

B. During any negotiation with a health insurance carrier relating to a health care provider's reimbursement agreement with that carrier, a health care provider shall provide data relating to any reduction or avoidance of bad debt and charity care costs to health care providers in this State, as a result of the operation of Dirigo Health and as a result of any increased enrollment due to an expansion in MaineCare eligibility occurring after June 30, 2004.

Sec. 3. 24-A MRSA §6913, sub-§8, ¶C, as enacted by PL 2003, c. 469, Pt. A, §8, is amended to read:

C. Health insurance carriers and health care providers shall report annually, beginning March 1, 2005 and thereafter, information regarding the experience of a prior 12-month period on the efforts undertaken by the carrier and provider to recover cost savings determined by the board pursuant to subsection 1, including any savings offset payments, as reflected in reimbursement rates, through a reduction or stabilization in bad debt and charity care costs as a result of the operation of Dirigo Health and any increased enrollment due to an expansion in MaineCare eligibility occurring after

June 30, 2004. The board shall determine the appropriate format for the report and utilize existing data on file with state agencies or other organizations to minimize duplication. The report must be submitted to the board. Using the information submitted by carriers and providers, the board shall submit a summary of that information by October 1, 2005 and annually thereafter.

Sec. 4. 24-A MRSA §6913, sub-§10, as enacted by PL 2005, c. 400, Pt. A, §13, is amended to read:

10. Definition of paid claims; factors used to determine cost savings; rulemaking.

The board shall adopt rules regarding the definition of paid claims for the purposes of calculating savings offset payments for health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers due on or after January 1, 2007. Before April 1, 2008, the board shall adopt rules regarding the factors used for the purposes of calculating aggregate measurable cost savings as required in subsection 1. Rules adopted pursuant to this subsection are major substantive rules as defined in Title 5, chapter 375, subchapter 2-A.

SUMMARY

This bill limits the amount of the savings offset payment to 75% of the aggregate measurable cost savings determined by the Board of Directors of Dirigo Health. The bill requires health insurers and providers to use best efforts to ensure that health insurance premiums and reimbursement rates reflect the recovery of all of the cost savings and savings offset payments paid by health insurers. The bill also requires the Board of Directors of Dirigo Health to adopt rules regarding the factors used to calculate aggregate measurable cost savings.