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An Act To Ensure Affordable Health Care for Maine Families through Shared Responsibilities

CONCEPT DRAFT SUMMARY

This bill is a concept draft pursuant to Joint Rule 208.

This bill proposes to significantly expand health care coverage on the principle of shared responsibility.

Under this bill, access to health care in Maine will continue to expand based on the 3-tiered approach established by Dirigo Health in 2003. At the foundation, MaineCare will cover the most needy families and individuals and will reduce the strain of uncompensated care on the private market. DirigoChoice will provide a sliding scale subsidy to cover those who do not qualify for MaineCare but who find standard insurance unaffordable. Distortions in the private insurance market will be corrected to reduce costs for consumers in the nongroup market.

The major components of the bill are:

1. Employer contribution. The bill requires that employers pay an assessment based on the employer's taxable payroll. Before making such payment, the employer may credit against the payment any sums paid by the employer toward employee nonpayroll benefits. Small employers, employers in financial hardship and employers in business for less than 2 years may be exempted from the employer contribution. The assessment must be used solely for the purpose of expanding access to health care through the Dirigo Health Program.

2. Insurance carrier contribution. The bill requires each insurance carrier to achieve a minimum loss ratio, to be specified in this bill, across all its products. This minimum loss ratio must be calculated at the end of each calendar year and must reflect the aggregate of all health insurance products sold in Maine by that carrier. Any insurance carrier that does not achieve the minimum loss ratio must be assessed an amount equal to 1/2 of the difference between the carrier's actual loss ratio and the minimum loss ratio. The carrier may not pass through any portion of the assessment to individual policyholders or providers. This assessment must be used to provide reinsurance to reduce premiums in the nongroup health insurance market and in the DirigoChoice product.

3. Hospital contribution. Under this bill, each hospital licensed to operate as a charity in the State must provide an amount of free charity care, to be determined in this bill. Any hospital that does not provide free care in the statutorily determined amount will be assessed an amount equal to the difference between the statutorily determined amount and the value of the free care actually provided by the hospital. The charity hospital may not pass this payment on to patients, providers or carriers. Any charity hospital in financial hardship may apply to the Department of Health and Human Services for a waiver of the assessment. A hospital is not in financial hardship if its most recent yearly operating margin exceeds a threshold to be determined in this bill, or if its unrestricted financial assets exceed a percentage of its net

operating revenue to be determined in this bill. The assessment will be used solely for the purposes of expanding access to health care through the Dirigo Health Program.

4. Individual contribution. The bill requires that persons earning above a statutorily determined income threshold ensure that they and their dependents are covered by a comprehensive health insurance policy by January 1, 2008, except that for a person under 30 years of age, a qualifying health insurance policy is any policy approved by the Department of Professional and Financial Regulation, Bureau of Insurance. A person who does not maintain a qualifying health insurance policy for at least 10 months during the year may not be credited with the standard individual exemption in that person's next Maine income tax filing. The Department of Administrative and Financial Services, Bureau of Revenue Services will transfer the value of any increased tax collections as a result of this provision to the Dirigo Health Program.

5. Application of assessments. The bill requires that funding from the employer, hospital and individual contribution sources be applied to achieve the goal of expanding access to health care by opening Dirigo Health up to 60,000 members by 2010.

6. Cost containment. The bill establishes a cost containment commission, which is charged with the responsibility and authority of achieving savings of 2% in the cost of health care in the State.

7. Rulemaking. The bill authorizes Dirigo Health, the Bureau of Insurance, the Bureau of Revenue Services or other authority established pursuant to this legislation to undertake rulemaking to enforce the provisions of this bill. The rules adopted pursuant to this authority are routine technical rules.