

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 Protect Consumers from Rising Health Care Costs**

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

### **PART A**

**Sec. A-1. 22 MRSA Subtitle 7** is enacted to read:

#### **SUBTITLE 7**

#### **REGULATION**

#### **CHAPTER 1701**

#### **maine hospital cost commission**

#### **SUBCHAPTER 1**

#### **general provisions**

### **§ 14001. Findings and declaration of purpose**

**1. Findings.** The Legislature makes the following findings.

A. The cost of hospital care in Maine has been increasing much more rapidly than the ability of its citizens to support these increases. This disparity is detrimental to the public interest. It diminishes the accessibility of hospital services to the people of the State and materially compromises their ability to address other equally compelling needs.

B. The current system of financing hospital care is seriously deficient, has directly contributed to the rapid rise in costs and is in need of reform in that:

(1) The current system of financing hospital care fails to ensure that hospitals will charge those they serve no more than is needed to meet their reasonable financial requirements;

(2) The current system of financing hospital care fails to ensure or reward efficiency and restraint in hospital spending;

(3) The current system of financing hospital care is inequitable in that it permits hospitals to respond to the legitimate cost containment efforts of the Federal Government and the State by increasing their charges to other patients; and

(4) The current system of financing hospital care threatens the ability of some Maine hospitals to generate sufficient revenues to meet their reasonable financial requirements and, consequently, will inevitably have an adverse impact on the accessibility and the quality of the care available to those whom they serve.

C. The informed development of public policy regarding hospital and other necessary health services requires that the State regularly assemble and analyze information pertaining to the use and cost of these services.

**2. Purposes.** The purposes of this chapter are as follows.

A. It is the intent of the Legislature to protect the public health and promote the public interest by establishing a hospital financing system that:

(1) Appropriately limits the rate of increase in the cost of hospital care from year to year;

(2) Protects the quality and the accessibility of the hospital care available to the people of the State by ensuring the financial viability of an efficient and effective state hospital system;

(3) Affords those who pay hospitals a greater role in determining their reasonable financial requirements without unduly compromising the ability of those who govern and manage hospitals to decide how the resources made available to them are to be used;

(4) Encourages hospitals to make the most efficient use of the resources made available to them in the provision of quality care to those whom they serve and the training and continuing education of physicians and other health professionals;

(5) Provides predictability in payment amounts for payors, providers and patients; and

(6) Ensures greater equity among purchasers, classes of purchasers and payors.

## **§ 14002. Maine Hospital Cost Commission**

**1. Establishment.** The Maine Hospital Cost Commission, referred to in this section as "the commission," is established as an independent executive agency.

**2. Members.** The commission is composed of 5 members appointed by the Governor and subject to review by the joint standing committee of the Legislature having jurisdiction over health and human services matters and confirmation by the Legislature.

**3. Appointments.** Except as provided in this section, a member may not be:

- A. A representative or employee of an insurance carrier authorized to do business in this State;
- B. A representative or employee of a health care provider operating in this State; or
- C. Affiliated with a health or health-related organization regulated by State Government.

A nonpracticing health care practitioner, retired or former health care administrator or retired or former employee of a health insurance carrier is not prohibited from being considered for board membership as long as that person is not affiliated with a health or health-related organization at the time of consideration.

**Sec. A-2. Effective date.** This Part takes effect September 1, 2008.

## **PART B**

**Sec. B-1. Blue Ribbon Commission To Study the Regulation of Health Care Expenditures established.** The Blue Ribbon Commission To Study the Regulation of Health Care Expenditures, referred to in this Part as "the commission," is established.

**Sec. B-2. Commission membership.** The commission consists of 13 members appointed as follows:

1. Three members of the Senate, appointed by the President of the Senate;
2. Three members of the House of Representatives, appointed by the Speaker of the House;
3. One representative of the business community, appointed by the President of the Senate;
4. Two representatives of hospitals, one appointed by the Speaker of the House and one appointed by the President of the Senate;
5. One representative of commercial health insurers, appointed by the President of the Senate;
6. One representative of labor, appointed by the Speaker of the House;
7. One representative of consumers, appointed by the Speaker of the House; and
8. The Director of the Governor's Office of Health Policy and Finance.

**Sec. B-3. Chairs.** The first-named Senate member is the Senate chair of the commission and the first-named House of Representatives member is the House chair of the commission.

**Sec. B-4. Appointments; convening of commission.** All appointments must be made no later than 30 days following the effective date of this Part. The appointing authorities shall notify the Executive Director of the Legislative Council once all appointments have been completed. Within 15 days after appointment of all members, the chairs shall call and convene the first meeting of the commission.

**Sec. B-5. Duties.** The commission shall undertake a study of the health care system and health care regulation and shall recommend the most appropriate form of health care regulation necessary to ensure the provision of quality care, the accessibility of care and the affordability of care. The study

must include, but is not limited to, an evaluation of the current and anticipated market for health care services including hospital services, market failures, the current methods and impending trends in the cost, financing and delivery of health care including hospital care, the current and anticipated environment for health care delivery systems and various methods of regulating health care and health care expenditures to improve the quality of care, stabilize rates charged to payors and reduce the rate of increase in costs, including, but not limited to, the regulatory system that existed under the former Maine Health Care Finance Commission. As part of its recommendations, the commission shall develop proposed legislation detailing the hospital regulation system to be implemented by the Maine Hospital Cost Commission pursuant to the Maine Revised Statutes, Title 22, chapter 1701.

**Sec. B-6. Staff assistance.** The Legislative Council shall provide necessary staffing services to the commission.

**Sec. B-7. Compensation.** The legislative members of the commission are entitled to receive the legislative per diem, as defined in the Maine Revised Statutes, Title 3, section 2, and reimbursement for travel and other necessary expenses related to their attendance at authorized meetings of the commission. Public members not otherwise compensated by their employers or other entities that they represent are entitled to receive reimbursement of necessary expenses and, upon a demonstration of financial hardship, a per diem equal to the legislative per diem for their attendance at authorized meetings of the commission.

**Sec. B-8. Report.** No later than November 1, 2007, the commission shall submit a report that includes its findings and recommendations, including suggested legislation, for presentation to the Joint Standing Committee on Health and Human Services and the Legislative Council. The commission is not authorized to introduce legislation. Following receipt and review of the report, the Joint Standing Committee on Health and Human Services may submit legislation to the Second Regular Session of the 123rd Legislature.

**Sec. B-9. Extension.** If the commission requires a limited extension of time to complete its study and make its report, it may apply to the Legislative Council, which may grant an extension.

**Sec. B-10. Commission budget.** The chairs of the commission, with assistance from the commission staff, shall administer the commission's budget. Within 10 days after its first meeting, the commission shall present a work plan and proposed budget to the Legislative Council for its approval. The commission may not incur expenses that would result in the commission's exceeding its approved budget. Upon request from the commission, the Executive Director of the Legislative Council shall promptly provide the commission chairs and staff with a status report on the commission budget, expenditures incurred and paid and available funds.

## SUMMARY

Part A of this bill establishes, effective September 1, 2008, the Maine Hospital Cost Commission, whose purpose is to appropriately limit the rate increase in the cost of hospital care while protecting the quality and accessibility of care available to the people of the State and without unduly compromising the ability of hospitals to decide how the resources made available to them are to be used.

Part B of this bill establishes the Blue Ribbon Commission To Study the Regulation of Health Care Expenditures and directs the commission to undertake a full scale study of the health care system and recommend the most appropriate form of health care regulation necessary to ensure the provision of quality care, the accessibility to care and the affordability of care. As part of its recommendations, the commission is directed to develop proposed legislation detailing the hospital regulation system to be implemented by the Maine Hospital Cost Commission pursuant to the Maine Revised Statutes, Title 22, chapter 1701. The commission is directed to submit a report that includes its findings and recommendations, including suggested legislation, for presentation to the Joint Standing Committee on Health and Human Services no later than November 1, 2007. Following receipt and review of the report, the Joint Standing Committee on Health and Human Services may submit legislation to the Second Regular Session of the 123rd Legislature.