# 126th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2013

**Legislative Document** **No. 230**

H.P. 191 House of Representatives, February 5, 2013

**An Act To Establish the Commission on Health Care Cost and Quality**

Reference to the Committee on Health and Human Services suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND
Clerk

Presented by Representative GRAHAM of North Yarmouth.
Cosponsored by Senator LACHOWICZ of Kennebec and
Representatives: GATTINE of Westbrook, HICKMAN of Winthrop, MONAGHAN-DERRIG of Cape Elizabeth, PEOPLES of Westbrook, PRINGLE of Windham, SANBORN of Gorham.

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

**Sec. 1. 3 MRSA c. 12** is enacted to read:

## CHAPTER 12

## COMMISSION ON HEALTH CARE COST AND QUALITY

### §251. Commission on Health Care Cost and Quality

**1. Appointment; composition.** The Commission on Health Care Cost and Quality, established in Title 5, section 12004-G, subsection 14-I and referred to in this chapter as "the commission," consists of 20 members appointed pursuant to this subsection.

A. The President of the Senate shall appoint 8 members:

(1) Two individuals with expertise in health care delivery, one of whom represents hospitals;

(2) One individual with expertise in long-term care;

(3) One individual with expertise in mental health;

(4) One individual with expertise in public health care financing;

(5) One individual with expertise in private health care financing;

(6) One individual with expertise in health care quality; and

(7) One individual with expertise in public health.

B. The Speaker of the House of Representatives shall appoint 7 members:

(1) Two representatives of consumers of health care;

(2) One individual with expertise in the health insurance industry;

(3) Two individuals with expertise in business, one of whom represents a business or businesses with fewer than 50 employees;

(4) One representative of the Department of Health and Human Services, Maine Center for Disease Control and Prevention who works collaboratively with other organizations to improve the health of the citizens of the State; and

(5) One individual with expertise in health disparities, representing the State's racial and ethnic minority communities.

C. Five members of the commission must be members of the Legislature who serve on the joint standing committee of the Legislature having jurisdiction over health and human services matters or the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters:

(1) Two members of the Senate appointed by the President of the Senate, including one member recommended by the Senate Minority Leader; and

(2) Three members of the House of Representatives appointed by the Speaker of the House, including one member recommended by the House Minority Leader.

Prior to making appointments to the commission, the President of the Senate and the Speaker of the House shall seek nominations from the public, from statewide associations representing hospitals, physicians and health care consumers and from individuals and organizations with expertise in health care delivery systems, health care financing, health care quality and public health.

**2. Terms.** Except for members who are Legislators, members of the commission serve 5-year terms. A member may not serve more than 2 consecutive terms. Members who are Legislators serve 2-year terms coterminous with their elected terms. Except for a member who is a Legislator, a member may continue to serve after expiration of the member's term until a successor is appointed.

**3. Compensation.** Members of the commission are entitled to compensation according to the provisions of Title 5, chapter 379. Members of the commission who are Legislators are entitled to receive the legislative per diem as defined in section 2 and reimbursement for travel for attendance at meetings of the commission.

**4. Quorum.** A quorum is a majority of the members of the commission.

**5. Chair.** The commission shall annually choose one of its members to serve as chair for a one-year term.

**6. Meetings.** The commission shall meet at least 4 times a year at regular intervals and may meet at other times at the call of the chair. Meetings of the commission are public proceedings as provided by Title 1, chapter 13, subchapter 1.

**7. Duties; State Health Plan.** The commission shall develop and issue the biennial State Health Plan, referred to in this chapter as "the plan," in accordance with the requirements in section 252. The first plan must be issued by October 2015. In developing the plan, the commission shall undertake the following activities to the extent data and resources are available:

A. Collect and coordinate data on health systems development in the State;

B. Synthesize relevant research;

C. Conduct at least 2 public hearings on the plan each biennium;

D. Conduct a systemic review of cost drivers in the State's health care system, including, but not limited to, market failure, supply and demand for services, provider charges and costs, public and commercial payor policies, consumer behavior, cost and pricing of pharmaceuticals and the need for and availability and cost of capital equipment and services;

E. Collect and report on health care cost indicators, including the cost of services and the cost of health insurance. The commission shall report on both administrative and service costs. These indicators must, at a minimum, include:

(1) The annual rate of increase in the unit cost, adjusted for case mix or other appropriate measure of acuity or resource consumption, of key components of the total cost of health care, including without limitation hospital services, surgical and diagnostic services provided outside of a hospital setting, primary care

physician services, specialized medical services, the cost of prescription drugs, the cost of long-term care and home health care and the cost of laboratory and diagnostic services;

(2) The interaction of indicators, including, but not limited to, cost shifting among public and private payors and cost shifting to cover uncompensated care of persons unable to pay for items or services, and the effect of these practices on the total cost paid by all payment sources for health care;

(3) The administrative costs of health insurance and other health benefit plans, including the relative costliness of private insurance as compared to Medicare and MaineCare, and the potential for measures and policies that would tend to encourage greater efficiency in the administration of public and private health benefit plans provided to consumers in the State;

(4) Geographic distribution of services with attention to appropriate allocation of high-technology resources;

(5) Regional variation in quality and cost of services; and

(6) Overall growth in utilization of health care services;

F. Identify specific potential reductions in total health care spending without shifting costs onto consumers and without reducing access to needed items and services for all persons, regardless of individual ability to pay. In identifying specific potential reductions pursuant to this paragraph, the commission shall recommend methods to reduce the rate of increase in overall health care spending and the rate of increase in health care costs to a level that is equivalent to the rate of increase in the cost of living to make health care and health coverage more affordable for people in the State;

G. Review and evaluate strategies for payment reform in the State's health care system to assess whether proposed payment reform efforts follow the guiding principles described in section 252, subsection 2 and identify any statutory or regulatory barriers to implementation of payment reform;

H. Review pilot projects for payment reform submitted to the Department of Professional and Financial Regulation, Bureau of Insurance pursuant to Title 24-A, section 4320-H and assess whether the pilot projects follow the principles adopted by the commission; and

I. Beginning October 1, 2014 and annually thereafter, make specific recommendations relating to paragraphs A to F to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters and the joint standing committee of the Legislature having jurisdiction over health and human services matters and to any appropriate state agency.

**8. Staff support.** The Legislative Council shall provide staff support to the commission except that the Legislative Council staff support is not authorized when the Legislature is in regular or special session. The commission may invite the Department of Health and Human Services, Maine Center for Disease Control and Prevention; the Maine Health Data Organization; and other agencies of State Government to provide

additional staff support or assistance to the commission. In addition, the commission may contract for administrative, professional and clerical services if funding permits.

**9. Data.** The commission may solicit health care cost and quality data and information from both the public and private sectors to help inform the commission's work, including, but not limited to, the Department of Health and Human Services, Maine Center for Disease Control and Prevention; the Maine Health Data Organization; the Maine Quality Forum, established in Title 24-A, section 6951; a statewide health care management association; and a statewide public health association.

**10. Outside funding for commission activities.** The commission may seek outside funds to provide staff support, consulting or other services to fund the costs of carrying out the duties and requirements of the commission. Contributions to support the work of the commission may not be accepted from any party having a pecuniary or other vested interest in the outcome of the matters being studied. Any person, other than a state agency, desiring to make a financial or in-kind contribution shall certify to the Legislative Council that it has no pecuniary or other vested interest in the outcome of the commission's activities. Such a certification must be made in the manner prescribed by the Legislative Council. All contributions are subject to approval by the Legislative Council. All funds accepted must be forwarded to the Executive Director of the Legislative Council along with an accounting record that includes the amount of the funds, the date the funds were received, from whom the funds were received and the purpose of and any limitation on the use of the funds. The Executive Director of the Legislative Council shall administer any funds received by the commission.

**§252. State Health Plan**

**1. Purpose.** The State Health Plan developed by the commission must set forth recommendations for a comprehensive, coordinated approach to the development of health care facilities and resources in the State based on statewide cost, quality and access goals and strategies to ensure access to affordable health care, maintain a rational system of health care and promote the development of the health care workforce.

**2. Requirements.** The plan must:

A. Assess health care cost, quality and access in the State;

B. Develop benchmarks to measure health care cost, quality and access goals and report on progress toward meeting those goals;

C. Recommend annual priorities among health care cost, quality and access goals;

D. Recommend priorities for the capital investment needs of the health care system in the State;

E. Outline strategies to:

(1) Promote health systems change;

(2) Address the factors influencing health care cost increases; and

(3) Address the major threats to public health and safety in the State, including, but not limited to, lung disease, diabetes, cancer and heart disease;

F. Develop principles for payment reform strategies that:

(1) Support integrated, efficient and effective systems of health care delivery and payment;

(2) Promote a patient-centered approach to the payment and delivery of health care services;

(3) Encourage and reward the prevention and management of disease;

(4) Promote the quality of care over volume of care to measurably lower costs; and

(5) Support payments and processes that are transparent, easy to understand and simple to administer for patients, providers, purchasers and other stakeholders; and

G. Provide recommendations to help purchasers and providers make decisions that improve public health and build an affordable, high-quality health care system.

**Sec. 2. 5 MRSA §12004-G, sub-§14-I** is enacted to read:

| | | | |
|---|---|---|---|
| **14-I.** | | | |
| Health Care | Commission on Health Care Cost and Quality | Expenses and Legislative Per Diem | 3 MRSA §251 |

**Sec. 3. 24-A MRSA §4320-H, sub-§1, ¶B,** as reallocated by RR 2011, c. 1, §43, is amended to read:

B. Prior to approving a pilot project, the superintendent shall consider whether the proposed pilot project is consistent with the principles for payment reform developed by the Advisory Council on Health Systems Development established under former Title 2, section 104 and the Commission on Health Care Cost and Quality established in Title 3, section 251.

**Sec. 4. 24-A MRSA §6951, sub-§8-A** is enacted to read:

**8-A. State Health Plan.** The forum shall make recommendations for inclusion in the State Health Plan described in Title 3, section 252, including recommendations based on the technology assessment reviews under subsection 6.

**Sec. 5. 24-A MRSA §6952, sub-§7, ¶D,** as amended by PL 2011, c. 90, Pt. J, §24, is further amended to read:

D. Make recommendations regarding quality assurance and quality improvement priorities for inclusion in the State Health Plan described in Title 3, section 252; and

**Sec. 6. Staggered terms.** Notwithstanding the Maine Revised Statutes, Title 3, section 251, subsection 2, the initial appointments of members of the Commission on Health Care Cost and Quality who are not Legislators must include 5 members appointed by the President of the Senate to 3-year terms, 4 members appointed by the Speaker of

the House of Representatives to 4-year terms, 3 members appointed by the President of the Senate to 5-year terms and 3 members appointed by the Speaker of the House of Representatives to 5-year terms. The Executive Director of the Legislative Council shall call the first meeting of the commission as soon as all appointments are made.

## SUMMARY

This bill establishes the Commission on Health Care Cost and Quality to monitor the accessibility, cost and quality of health care in the State. The bill also reestablishes the State Health Plan and requires the commission to develop the plan on a biennial basis.