An Act To Protect Consumers and Small Business Owners from Rising Health Care Costs

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

PART A

Sec. A-1. 5 MRSA §12004-I, sub-§30-B is enacted to read:

30-B.

Health Care Advisory Council on Payment Reform	Not Authorized	22 MRSA §8714

Sec. A-2. 22 MRSA §8712, sub-§2, ¶A is enacted to read:

A. The organization shall promote public transparency of the quality and cost of health care in the State, and shall collect, synthesize and publish reports that are easily understandable by the average consumer and in a format that allows the user to compare each of the information items listed in this paragraph to the extent practicable. The reports shall coordinate, link and compare information regarding health care services, outcomes and effectiveness of those services, quality of those services by health care facility and by practitioner, the location of those services, prices paid by individual commercial health insurance companies, 3rd-party administrators and, unless prohibited by federal law, government payors and any disparities in the delivery or availability of those services. The organization shall post the reports on a publicly accessible website that is well publicized and updated at least quarterly.

Sec. A-3. 22 MRSA §8714 is enacted to read:

§ 8714. Advisory Council on Payment Reform

1. Establishment and membership. The Advisory Council on Payment Reform, established in Title 5, section 12004-I, subsection 30-B and referred to in this section as "the council," is established within the organization. The council consists of 7 members appointed by the board by a vote of a majority of board members. Members of the council include the following:

A. One representative of a private employer with more than 1,000 full-time equivalent employees;

B. One representative of a private employer with fewer than 50 full-time equivalent employees;

C. One representative of a labor union representing employees of a private employer with more than 1,000 full-time equivalent employees. The private employer may not be the private employer represented under paragraph A;

D. One representative of the uninsured or underinsured;

E. One representative of a public purchaser using state funds to purchase health care services or health insurance for state employees;

F. One representative of a consumer health advocacy coalition; and

G. One representative of MaineCare recipients.

2. Term. Members of the council serve one-year terms. A member may not serve more than 4 consecutive terms. A member may continue to serve after expiration of the member's term until a successor is appointed, except for a member representing the Governor's Office of Health Policy and Finance.

3. Compensation. Compensation for members of the council is not authorized.

4. Quorum. A quorum is a majority of the members of the council.

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

6. Meetings. The council shall meet at least once bimonthly and may meet at other times at the call of the chair. Meetings of the council are public proceedings as provided by Title 1, chapter 13, subchapter 1.

7. Duties. The council shall advise the organization in evaluating the public and private health care payment systems and shall develop and propose reforms to those systems.

8. Data. The council shall solicit data and information from both the public and private sectors to help inform the council's work.

A. The department shall forward to the council relevant data.

B. Public purchasers using state or municipal funds to purchase health care services or health insurance shall submit to the council a consolidated public purchasers expenditure report outlining all funds expended in the most recently completed state fiscal year for hospital inpatient and outpatient care, physician services, prescription drugs, long-term care, mental health and other services and administration, organized by agency.

C. The council shall encourage private purchasers established under Title 13, Title 13-B and Title 13-C to develop and submit to the council a health expenditure report similar to that described in paragraph B.

D. The organization and the Maine Quality Forum established in Title 24-A, section 6951 shall forward to the council cost and quality data annually and any additional data requested by the council.

9. Funding. The council may apply for grants and other nongovernmental funds to provide staff support or consultant support to carry out the duties and requirements of this section.

10. Repeal. This section is repealed October 1, 2014.

Sec. A-4. Development of proposed reforms

1. Development. The Advisory Council on Payment Reform, established in the Maine Revised Statutes, Title 5, section 12004-I, subsection 30-B and referred to in this section as "the council," shall develop a comprehensive set of proposed reforms to provide incentives for cost-effective and patient-centered care.

A. The council shall examine payment methodologies and purchasing strategies, including, but not limited to, alternatives to fee-for-service models such as blended capitation rates, episodes-of-care payments, medical home models and global budgets; pay-for-performance programs; tiering of providers; and evidence-based purchasing strategies.

B. The council shall analyze and synthesize relevant research.

C. The council shall recommend a common transparent payment methodology that promotes coordination of care and chronic disease management; rewards primary care physicians for improving health outcomes; reduces waste and duplication in clinical care; decreases unnecessary hospitalizations and use of ancillary services; and provides appropriate reimbursement for investment in health information technology that reduces medical errors and enables coordination of care.

D. The council shall recommend a plan for the implementation of the common payment methodology across all public and private payers in the State, including a plan under which the State shall seek a waiver from federal rules to facilitate the implementation of the common payment methodology.

2. Involvement of interested parties. In developing its proposal, the council shall consult with the Maine Quality Forum, the Governor's Office of Health Policy and Finance, health care economists and other individuals or organizations with expertise in state and federal health care payment methodologies and reforms. The council shall use data and recommendations gathered in the course of these consultations as a basis for its findings and recommendations.

Before a final vote on any recommendations, the council shall consult with parties likely to be affected by the recommendations, including, but not limited to, the Department of Health and Human Services, the Governor's Office of Health Policy and Finance, the Maine Hospital Association, Maine Medical Association, Maine Education Association Benefits Trust, Maine Municipal Employees Health Trust, one or more employers purchasing a fully insured health plan, one or more labor organizations with membership of more than 500 persons, an academic medical center, one or more hospitals with a high proportion of public payors, one or more retirement plans developed for union employees under which

many different employers collectively agree to contribute to their contractor or employee retirement plans, one or more self-insured plans with membership of more than 500 persons, an organization representing health plans and organizations representing health care consumers.

3. Meetings; report. The council shall hold its first meeting no later than October 1, 2009 and 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 no later than February 1, 2010. After receipt and review of the report, the Joint Standing Committee on Health and Human Services is authorized to introduce a bill related to the subject matter of the report to the Second Regular Session of the 124th Legislature.

PART B

Sec. B-1. 24-A MRSA §2694-A is enacted to read:

§ 2694-A. Physician performance measurement, reporting and tiering programs

1. Performance measurement, reporting and tiering programs. An insurer delivering or issuing for delivery within the State any individual health insurance policy or group health insurance policy or certificate shall annually file with the superintendent on or before October 1st a full and true statement of its criteria, standards, practices, procedures and programs, if any, that measure physician performance or tier physician performance. The statement must be on a form prepared by the superintendent and may be supplemented by additional information required by the superintendent. The statement must be verified by the oath of the insurer's president or vice-president, and secretary or chief medical officer. A filing and supporting information are public records notwithstanding Title 1, section 402, subsection 3.

2. Duties. The superintendent shall review the statements, if any, assemble the statements in one table using a side-by-side comparison format and provide an analysis identifying the commonalities and differences of the statements. Notwithstanding any provision of law to the contrary, the superintendent shall adopt by rule a program and performance measures designed to:

A. Ensure transparency and fairness and promote the continued strengthening of measurement programs to meet patients' needs;

B. Promote the consistency, efficiency and fairness of physician performance measurement; and

C. Promote an appropriate balance between innovation and standardization.

3. Advisory panel. The superintendent shall convene an advisory panel whose membership includes, but is not limited to, one or more organizations representing physicians, one or more employers purchasing a fully insured health plan and one or more organizations representing health care consumers. The advisory panel shall provide advice to the superintendent regarding the proposed rule.

4. Rulemaking. The superintendent shall adopt rules to implement this section. Rules adopted pursuant to this subsection are major substantive rules as defined in Title 5, chapter 375, subchapter 2-A.

PART C

Sec. C-1. 5 MRSA §194-L is enacted to read:

§ 194-L. Public benefit; hospitals and institutions

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Public benefit" means the provision of free health care in an amount equal to the lesser of:

(1) Five percent of the hospital's or institution's gross revenues for patient services; and

(2) The value of all State and local tax exemptions received by the hospital or institution.

For purposes of this paragraph, "provision of free health care" does not include expenditures for advertising or public relations unless the advertising or public relations expressly promote the availability of free health care.

B. "Public charity" has the same meaning as set forth in section 194, subsection 1.

2. Requirement. In addition to any charity care requirements established in accordance with Title 22, section 1716, a public charity that is an institution licensed pursuant to Title 22, section 1811 must provide a public benefit.

3. Rules. The Attorney General shall adopt rules to implement this section. Rules adopted pursuant to this subsection are routine technical rules pursuant to chapter 375, subchapter 2-A.

SUMMARY

Part A of the bill establishes the Advisory Council on Payment Reform to advise the Maine Health Data Organization and directs the council to develop a comprehensive set of proposed reforms to provide incentives for cost-effective and patient-centered health care.

Part B of the bill directs the Superintendent of Insurance to adopt rules for physician performance measurement, reporting and tiering programs to promote cost-effective and patient-centered care and create an advisory council.

Part C of the bill requires that hospitals and institutions licensed under the Maine Revised Statutes, Title 22, section 1811 that are public charities must provide a certain amount of free health care.