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An Act To Implement the Recommendations of the Advisory Council on Health Systems Development Relating to Payment Reform

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

Sec. 1. 2 MRSA §104, sub-§7, ¶F, as enacted by PL 2007, c. 441, §1, is amended to read:

F. Identifying 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 council 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 this State; and

Sec. 2. 2 MRSA §104, sub-§7, ¶G, as enacted by PL 2007, c. 441, §1, is amended to read:

G. Beginning March 1, 2008 and annually thereafter, ~~make~~making specific recommendations relating to paragraphs A to F and to paragraph H 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; and

Sec. 3. 2 MRSA §104, sub-§7, ¶H is enacted to read:

H. Reviewing and evaluating strategies for payment reform in the State's health care system to assess whether proposed payment reform efforts follow the guiding principles developed by the council and identifying any statutory or regulatory barriers to implementation of payment reform.

Sec. 4. 22 MRSA §1843, sub-§1, as enacted by PL 2005, c. 670, §1 and affected by §4, is amended to read:

1. Cooperative agreement. "Cooperative agreement" means an agreement that names the parties to the agreement and describes the nature and scope of the cooperation for:

A. The sharing, allocation or referral of patients, personnel, instructional programs, medical or mental health services, support services or facilities or medical, diagnostic or laboratory facilities, procedures or other services traditionally offered by hospitals or health care providers;

B. The coordinated negotiation and contracting with payors or employers; or

C. The merger of 2 or more hospitals or ~~2 or more health care providers~~covered entities.

A cooperative agreement under this chapter is an agreement ~~between involving 2 or more hospitals or an agreement between 2 or more health care providers~~ covered entities. ~~An agreement between one or more hospitals and one or more health care providers is not a cooperative agreement for the purposes of this chapter.~~

Sec. 5. 22 MRSA §1843, sub-§5, as enacted by PL 2005, c. 670, §1 and affected by §4, is amended to read:

5. Merger. "Merger" means a transaction by which ownership or control over substantially all of the stock, assets or activities of one or more covered entities is placed under the control of another covered entity. ~~A merger between one or more hospitals and one or more health care providers is not a merger for the purposes of this chapter.~~

Sec. 6. Advisory Council on Health Systems Development; payment reform. The Advisory Council on Health Systems Development, referred to in this section as "the council," shall work collaboratively with sponsors of payment reform models and other stakeholders to advance payment reform efforts in the State. The council shall:

1. Consider emerging research and its implications for payment reform in the State;
2. Assess the merits of proposed payment reform models against the guiding principles developed by the council;
3. Develop an approach for building consumer awareness of payment reform models;
4. Identify any statutory and regulatory changes needed to advance models for payment reform; and
5. Design a 3-year demonstration project to advance payment reform models.

The council shall consult with the Attorney General and the Department of Professional and Financial Regulation, Bureau of Insurance for technical expertise as necessary concerning payment reform. The council shall submit a report that includes its findings and recommendations, including suggested legislation, for presentation to the joint standing committee of the Legislature having jurisdiction over health and human services matters and the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters no later than January 15, 2011. After receipt and review of the report, 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 may introduce a bill related to the subject matter of the report to the First Regular Session of the 125th Legislature.

SUMMARY

This bill is submitted by the Joint Standing Committee on Insurance and Financial Services and implements the recommendations made by the Advisory Council on Health Systems Development related to payment reform. The bill requires the Advisory Council on Health Systems Development to review and evaluate payment reform models and requires the council to report to the joint standing committee of the Legislature having jurisdiction over health and human services matters and the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters no later than January

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15, 2011. The bill also clarifies the intent of the Hospital and Health Care Provider Cooperation Act to apply to mergers of covered entities, which are defined as hospitals or health care providers.