

Discussion draft of L.D. 1577

An Act to Modify Savings Offset Payments and to Clarify Certain Other Provisions of the Dirigo Health Act

June 27, 2005

<b>Issue</b>	<b>Summary</b>
Report; Jurisdiction	<ul style="list-style-type: none"><li>• Report 2 xs annually to IFS-Once in January and once during the last month of the regular legislative session.</li><li>• Minutes of Board Meetings must be provided to IFS, HHS and Appropriations Committee Members.</li></ul>
Determination of Cost Savings	<ul style="list-style-type: none"><li>• Board must submit methodology and supporting documentation to the Superintendent no later than 9/20/05.</li></ul>
Assessment Base	<ul style="list-style-type: none"><li>• Paid Claims as defined by the Board</li></ul>
Definition of Paid Claims	<ul style="list-style-type: none"><li>• Routine/Technical Rule Making in the first year. Rules thereafter specific to the definition of paid claims are Major/Substantive.</li></ul>
Assuming there is an assessment	<ul style="list-style-type: none"><li>• First payment is due April 2006</li><li>• First payment is for January paid claims</li><li>• May's payment is for February claims and June's payment is for March claims.</li><li>• Thereafter, payment will be made quarterly no later than 60 days after the close of the quarter.</li></ul>
Composition & Role of Workgroup	<ul style="list-style-type: none"><li>• Superintendent of Insurance convenes working.</li><li>• Composition of group includes 5 members representing interests of insurers, self-insured and TPA's and 5 members representing the interests of Dirigo Health.</li><li>• The working group serves in an advisory role to the Board on the following issues:<ul style="list-style-type: none"><li>○ Definition of paid claims</li><li>○ Definition of subsidy</li></ul></li></ul>

	<ul style="list-style-type: none"> <li>○ Methodology for measuring cost savings</li> <li>○ Define process for implementing and invoicing assessment</li> <li>○ Funding strategy to cover DHA general administrative expenses</li> <li>○ Workgroup terminates 12/31/05</li> </ul> <ul style="list-style-type: none"> <li>● Working group provides monthly reports to IFS (the reports must include any recommendations the group has made to the Board) and notifies IFS Committee members of each meeting of the working group.</li> </ul>
<p>Role of the Board of Directors</p>	<ul style="list-style-type: none"> <li>● No later than the effective date of the Act (9/20/05) the Board must file with the Superintendent of Insurance its determination as to the aggregate measurable cost savings.</li> <li>● Following an Adjudicatory Hearing and no later than 6 weeks following the effective date of this Act (11/1/05), the Superintendent of Insurance will issue an order.</li> <li>● The Board is designated a party to the hearing.</li> </ul>
<p>Funding Dirigo Health Agency Administrative Expenses</p>	<ul style="list-style-type: none"> <li>● General Administrative expenses, excluding MQF may be covered with the initial one time state money and may not be covered by the Savings Offset Payment.</li> <li>● The Board must submit its recommendation, including suggested legislation for funding general administrative expenses to IFS. IFS may report out a bill related to funding administrative expenses to the Second Regular Session of the 122<sup>nd</sup> Legislature.</li> </ul>