

STATE OF MAINE

IN THE YEAR OF OUR LORD  
TWO THOUSAND AND ELEVEN

H.P. 423 - L.D. 540

**An Act To Implement the Insurance Payment Reform Recommendations of  
the Advisory Council on Health Systems Development**

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

**Sec. 1. 24-A MRSA §4303, sub-§3-B**, as amended by PL 2007, c. 199, Pt. B, §8, is further amended to read:

**3-B. Prohibition on financial incentives.** A carrier offering or renewing a managed care plan may not offer or pay any type of material inducement, bonus or other financial incentive to a participating provider to deny, reduce, withhold, limit or delay specific medically necessary health care services covered under the plan to an enrollee. This subsection may not be construed to prohibit pilot projects authorized pursuant to section 4319 or to prohibit contracts that contain incentive plans that involve general payments such as capitation payments or risk-sharing agreements that are made with respect to providers or groups of providers or that are made with respect to groups of enrollees.

**Sec. 2. 24-A MRSA §4320** is enacted to read:

**§4320. Payment reform pilot projects**

**1. Pilot projects.** Beginning March 1, 2012, the superintendent may authorize pilot projects in accordance with this subsection that allow a health insurance carrier that offers health plans in this State to implement payment reform strategies with providers through an accountable care organization to reduce costs and improve the quality of patient care. For purposes of this section, "accountable care organization" means a group of health care providers operating under a payment agreement to provide health care services to a defined set of individuals with established benchmarks for the quality and cost of those health care services consistent with federal law and regulation.

A. The superintendent may approve a pilot project between a carrier and an accountable care organization that utilizes 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. 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.

**2. Rulemaking.** The superintendent shall establish by rule procedures and policies that facilitate the implementation of a pilot project pursuant to this section, including, but not limited to, a process for a health insurance carrier's submitting a pilot project proposal and minimum requirements for approval of a pilot project. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A and must be adopted no later than December 1, 2011.

**3. Report.** Beginning in 2013, the superintendent shall report by March 1st annually to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters on the status of any pilot project approved by the superintendent pursuant to this section. The report must include an analysis of the cost and benefits of any approved pilot project in reducing health care costs, including any impact on premiums, and in improving the quality of care.

**4. Evaluation.** During the First Regular Session of the 129th Legislature, the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters shall conduct an evaluation of the effectiveness of any pilot project approved by the superintendent pursuant to this section and make a determination whether to continue, amend or repeal the authorization for the pilot project. The joint standing committee of the Legislature having jurisdiction over insurance and financial services matters may report out a bill based on the evaluation to the First Regular Session of the 129th Legislature.

**5. Construction.** This section may not be construed to restrict or limit the right of a carrier to engage in activities expressly permitted by this Title or to require a carrier to obtain prior approval as a pilot project to engage in those activities.

**Sec. 3. Department of Health and Human Services payment reform demonstration project authorized.** Beginning July 1, 2012 and until June 30, 2016, the Department of Health and Human Services may establish a demonstration project to implement payment reform strategies to achieve cost savings within the MaineCare program. The demonstration project must be consistent with the principles for payment reform adopted by the Advisory Council on Health Systems Development in the Maine Revised Statutes, Title 2, section 104, subsection 11. The demonstration project must also include measurable goals consistent with those principles and include methods for monitoring and reporting. The department may adopt rules to implement this section. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

**Sec. 4. Superintendent of Insurance to submit rules.** The Superintendent of Insurance shall submit copies of the rules adopted pursuant to the Maine Revised Statutes, Title 24-A, section 4320, subsection 2 to the Joint Standing Committee on Insurance and Financial Services no later than December 1, 2011.

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In House of Representatives, ..... 2011

Read twice and passed to be enacted.

..... Speaker

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In Senate, ..... 2011

Read twice and passed to be enacted.

..... President

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Approved ..... 2011

..... Governor