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State of Maine
 ONE HUNDRED AND TWENTY-FIFTH LEGISLATURE
 COMMITTEE ON INSURANCE AND FINANCIAL SERVICES

MEMORANDUM

To: Richard W. Rosen, Senate Chair
 Patrick S. A. Flood, House Chair
 Joint Standing Committee on Appropriations and Financial Affairs

From: Rodney L. Whittemore, Senate Chair *RW*
 Wesley E. Richardson, House Chair *WR*
 Joint Standing Committee on Insurance and Financial Services

Date: April 7, 2011

Subject: **Insurance and Financial Services Committee Recommendations on the Governor's Biennial Budget Bill (LD 1043)**

We are writing to provide the recommendations of the Joint Standing Committee on Insurance and Financial Services on those portions of the Governor's Biennial Budget Bill (LD 1043) that were considered in public hearing on March 24, 2011: (1) the Accident- Sickness-Health Insurance account supporting the Office of Employee Health and Benefits and its programs within the Department of Administrative and Financial Services; (2) the Department of Professional and Financial Regulation's Bureau of Financial Institutions, Bureau of Consumer Credit Regulation, Bureau of Insurance and Office of Securities; and (3) Dirigo Health.

We have reviewed and discussed these initiatives carefully and appreciate your consideration of our recommendations and comments. The following members of the committee voted on the budget initiatives: Sen. Whittemore, Sen. Snowe-Mello, Sen. Brannigan, Rep. Richardson, Rep. Fitzpatrick, Rep. McKane, Rep. Morissette, Rep. Picchiotti, Rep. Treat, Rep. Beaudoin, Rep. Beck, Rep. Goode and Rep. Morrison. Rep. Beaudoin was absent.

1. Accident-Sickness-Health Insurance 0455 (IFS-1 to IFS-5)

The committee voted unanimously to support the baseline budget related to the Division of Employee Health and Benefits. See IFS 1 to 3. The committee also supports the baseline budget allocation for the Trade Adjustment Health Insurance Program. See IFS-4. There are no initiatives included in LD 1043 for these programs.

For your additional consideration, the committee wants to make you aware that the State employee health plan is eligible for reimbursement of up to \$9 million from the federal government for the costs for early retirees enrolled in the State employee health plan. The Early Retiree Reinsurance Program was created as part of the Affordable Care Act.

2. Department of Professional and Financial Regulation: Bureau of Consumer Credit Protection, Bureau of Financial Institutions, Bureau of Insurance and Office of Securities (IFS-11 to IFS-19)

As you know, the agencies within the Department of Professional and Financial Regulation under the oversight of our committee are wholly supported by dedicated revenue paid by regulated entities. The committee voted unanimously in support of the baseline budgets and initiatives for the Bureau of Consumer Credit Protection, Bureau of Financial Institutions, Bureau of Insurance and Office of Securities, except for one initiative within the Bureau of Consumer Credit Protection as outlined below.

Bureau of Consumer Credit Protection (IFS-11 to IFS-12): The committee voted unanimously to support the baseline budget for the Bureau of Consumer Credit Protection. The committee also unanimously supports these 2 initiatives included in the bill:

- Ref # 19100 reduces funding by \$142,885 in FY12 and \$152,737 in FY13 by freezing 2 vacant positions within the bureau; and
- Ref# 19110 establishes one limited-period position to assist with foreclosure prevention activities and allocates \$72,105 in FY 12 and \$76,912 in FY13.

The committee is not unanimous with regard to Ref# 19090 which provides an additional allocation to the bureau to support foreclosure prevention activities. The committee voted 7-5 on this initiative. As proposed, Ref #19090 allocates funding of \$587,815 in each year of the biennium for foreclosure prevention activities of the bureau.

Seven members of the committee (Sen. Whittemore, Sen. Brannigan, Rep. Morissette, Rep. Treat, Rep. Beck, Rep. Goode and Rep. Morrison) voted to include this initiative in the budget. The Foreclosure Prevention Program was authorized by Public Law 2009, chapter 402 and implemented on June 3, 2009. The funds to support the program are derived from the real estate transfer tax assessed on lenders that purchase their own properties at foreclosure auction sale. By law, the revenue from the real estate transfer tax is transferred to the Bureau of Consumer Credit Protection for use by the bureau for its foreclosure prevention activities.

In testimony before the committee, the Superintendent of Consumer Credit Protection stated that these funds are used to further the foreclosure prevention activities of the bureau to assist consumers who have received default notices on their mortgage loans. The funds allocated in the budget will be used to continue contracts with nonprofit organizations throughout the State for certified housing counselors to provide help to distressed consumers referred by the bureau who are having difficulty meeting their mortgage obligations. The majority of the committee opposed the reduction in allocation supported by the minority based on information from the bureau that four of the current contracts for certified housing counselors would have to be terminated.

A portion of the funds are also used for the costs of printing and mailing informational packets sent by the bureau to consumers disclosing the services available to them from the bureau and certified housing counselors. Between June 15, 2009 and January 31, 2011, the bureau has mailed more than 40,000 informational packets to homeowners and worked with more than 3,000 homeowners seeking assistance from the bureau's toll-free hotline. In addition, the bureau refers 100 cases per week to certified housing counselors supported by contract funding from the bureau. Given this high volume of activity within the foreclosure prevention program, a majority of the committee supports this initiative without change.

Five members of the committee (Rep. Richardson, Sen. Snowe-Mello, Rep. Fitzpatrick, Rep. Picchiotti and Rep. McKane) voted to amend the initiative. They recommend that the amount of the allocation be reduced to \$250,000 in each year of the biennium and that the balance of \$337,815 be transferred to the General Fund. See the attached mark up of the proposed amendment. The members believe that the proposed allocation amount is too high and are concerned about the accuracy of the data being collected relating to consumers in default of their mortgages and facing foreclosure.

Bureau of Financial Institutions (IFS-13): The committee voted unanimously to support the baseline budget for the Bureau of Financial Institutions. There are no initiatives included. See IFS-13.

Bureau of Insurance (IFS-14 to IFS-15): The committee voted unanimously to support the baseline budget for the Bureau of Insurance. The committee also supports the initiative (Ref# 19140) that establishes an allocation of \$1,000,000 for the Bureau of Insurance to receive and expend federal grant funds.

Office of Securities (IFS-16 to IFS-18): The committee voted unanimously to support the baseline budget for the Office of Securities. The committee also supports the 4 initiatives included in the bill:

- Ref # 19510 to allocate \$20,020 each year to support the procurement of expert witnesses in enforcement cases for violations of the securities laws;
- Ref# 19520 to allocate \$28,489 in FY12 and \$26,192 in FY13 to reflect increases in legal services provided by the Attorney General's Office;
- Ref# 19530 to establish a baseline allocation of \$10,113 each year for the Office of Securities to receive and expend federal funds; and
- Ref# 19540 to continue funding for 2 limited-period positions originally established by Financial Order 6425 F11 in the amount of \$158,370 and \$168,875 in each year.

During its budget work sessions, the committee became aware that budget requests made by the Bureau of Consumer Credit Protection, Bureau of Insurance and Office of Securities were not included as initiatives in LD 1043. While the committee did not vote to recommend that these initiatives be included in the budget bill, we have attached a memo from the Commissioner of Professional and Financial Regulation outlining these requests for your additional consideration. The committee particularly notes the 2 initiatives requested by the Bureau of Insurance to support increased funding for a dedicated Assistant Attorney General position to provide legal services in support of enforcement of violations of the insurance laws and to support an expansion of the bureau's market conduct examination work to ensure compliance with the insurance laws. These allocated funds would have provided authorization for the bureau to use available resources from dedicated revenue.

3. **Dirigo Health (IFS-6 to IFS-10; IFS-20)**

As outlined below, the committee voted unanimously in support of the baseline budget and initiatives for the Dirigo Health, except for one initiative and its related language in Part BBB which reduces the amount of the health access payment used to support subsidies for health care coverage provided by Dirigo Health.

The committee unanimously supports these initiatives:

- Ref # 7290 to reflect anticipated additional revenue of \$3,017,835 in FY12 and \$5,049,763 in FY13 from employer and member contributions for coverage;
- Ref # 7300 to reduce funding allocated from federal grant funds supporting the part-time voucher program by \$1,362,011 in each year; and
- Ref# 7310 to allocate federal funding for the Pre-existing Condition Insurance Plan created as part of the Affordable Care Act in the amount of \$4,857,143 in each year.

Ref #7320 reduces funding to Dirigo Health as a result of reduced funding from the statutory change proposed in Part BBB of the bill to the amount of the health access payment. Under current law, the health access payment, an assessment of 2.14 % of paid claims, is paid by health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers to support subsidies based on income for members enrolled in the Dirigo Health insurance product. Part BBB of LD 1043 proposes to reduce the health access payment to 1.75% on July 1, 2011, to 1.25% on July 1, 2012, to 0.75% on July 1, 2013 and to zero on or after January 1, 2014. The initiative included in the budget reflects the decrease in the amount of the health access payment as proposed in Part BBB; the reduction in funding is \$7,938,056 in FY12 and \$18,739,177 in FY 13.

The committee voted 7-5 in favor of the changes made by Ref#7320 and Part BBB of the bill. The seven members of the committee are Sen. Whittemore, Sen. Snowe-Mello, Rep. Richardson, Rep. Fitzpatrick, Rep. McKane, Rep. Morissette and Rep. Picchiotti. These members support the initiative for the following reasons.

- As proposed, the phasing out of the Dirigo Health program between now and the end of 2013 is being done in anticipation of the creation of a state health insurance exchange beginning in January 2014 with subsidies fully supported by federal funding.
- In addition, because the costs of the health access payment paid by health insurance carriers are included in the premiums paid by individuals and businesses, a reduction in the health access payment has the potential to reduce premiums.
- Based on information provided by the Dirigo Health Agency, the members believe the Dirigo Health Board of Trustees can manage the program effectively with reduced revenue and are actively discussing options for changes to the program that may be necessitated.

The five members opposed to the initiative and the proposed statutory change in Part BBB are Sen. Brannigan, Rep. Treat, Rep. Beck, Rep. Goode and Rep. Morrison. These committee members are opposed to the inclusion of these provisions in the budget for the following reasons.

- The Dirigo Health Program should be maintained at its current level of resources and funding until health coverage for enrolled members can be transitioned to a health insurance exchange in 2014. The program is now highly successful after being redesigned at the direction of the Legislature to be more cost-effective. The Dirigo Health insurance product offers affordable coverage for many enrollees as it has not experienced dramatic rate increases in recent years like other individual and small group health plans. As the program is not funded with General Fund money, there is no immediate financial justification for cutting funding before 2014.

- Information provided by the Dirigo Health Agency indicated that, prior to the changes proposed in the budget, the Dirigo Health Board of Trustees had approved a budget for fiscal year 2012 using a projection of 11,000 members (of which we could afford to subsidize 8,500) to be covered under DirigoChoice. Utilizing anticipated revenues from the health access payment and funds received from the Fund for a Healthy Maine, the agency could manage and maintain enrollment without a cap on enrollment until the establishment of an exchange in 2014 (absent an unexpected surge in enrollment). Based on the testimony of Karynlee Harrington before the IFS committee on April 5, the program projects a peak enrollment of 23,000 enrollees without a change in funding.
- In response to the proposed budget, the Dirigo Health Board of Trustees has begun discussing options for changes to the design of the insurance product or a cap on enrollment. If the board were to maintain the current health insurance benefit design, the agency would be forced to cap enrollment as of January 1, 2012. Other options under discussion include changes or mergers of the subsidy levels, changes in the deductible levels and changes to pharmacy coverage. Data shows the annual household income of Dirigo enrollees is less than \$19,000 so a board decision to increase the deductibles will likely have a significant impact on the affordability of the product and lead to dropping coverage. Also, with a cap on enrollment, individuals who are uninsured may not have access to affordable health care coverage until 2014.
- Capping the program or changing the subsidy or benefit level would also have an significant impact on small businesses, including sole proprietors that make up 22% of the subsidized Dirigo population. Information provided by the Dirigo Health Agency demonstrates that 76% of the growth in the program since enrollment was reopened in August 2010 is attributed to small businesses. There are now 600 small businesses of 2-15 employees enrolled and 1700 sole proprietors.
- The Dirigo Health Board of Trustees has yet to make any decisions—its next meeting is May 9th. Without further guidance on what changes may be made by the board to the insurance product in anticipation of the proposed budget, it is premature to recommend a reduction in revenue.
- The proposed reduction of the health access payment to zero on January 1, 2014 as outlined in Part BBB would eliminate a potential source of funding for the operations of health insurance exchange. Testimony provided at the public hearing indicated the Administration intends to implement a health insurance exchange despite the State's participation as a party in litigation challenging the constitutionality of the federal Affordable Care Act.
- The members also want to note that there is no requirement in the language of Part BBB that health insurance carriers demonstrate how the savings from the reduction in the health access payment will be allocated.

For these reasons, these members are opposed to the change in Part BBB and its related initiative reducing funding to Dirigo Health from the change in the health access payment.

Thank you for your consideration of our comments.

Enclosure: Attachments

IFS Committee Report to AFA 4/7/11

Sec. A-1. Appropriations and allocations. The following appropriations and allocations are made.

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Accident - Sickness - Health Insurance 0455

Initiative: BASELINE BUDGET

GENERAL FUND	History 2009-10	History 2010-11	2011-12	2012-13
POSITIONS - LEGISLATIVE COUNT	0.500	0.500	0.500	0.500
Personal Services	\$0	\$11,992	\$20,507	\$21,607
All Other	\$659,017	\$780,638	\$780,638	\$780,638
GENERAL FUND TOTAL	\$659,017	\$792,630	\$801,145	\$802,245

RETIREE HEALTH INSURANCE FUND	History 2009-10	History 2010-11	2011-12	2012-13
All Other	\$48,400,235	\$48,400,235	\$48,400,235	\$48,400,235
RETIREE HEALTH INSURANCE FUND TOTAL	\$48,400,235	\$48,400,235	\$48,400,235	\$48,400,235

ACCIDENT, SICKNESS AND HEALTH INSURANCE INTERNAL SERVICE FUND	History 2009-10	History 2010-11	2011-12	2012-13
POSITIONS - LEGISLATIVE COUNT	13.000	13.000	13.000	13.000
Personal Services	\$957,747	\$957,625	\$939,761	\$969,705
All Other	\$913,132	\$935,213	\$935,213	\$935,213
ACCIDENT, SICKNESS AND HEALTH INSURANCE INTERNAL SERVICE FUND TOTAL	\$1,870,879	\$1,892,838	\$1,874,974	\$1,904,918

FIREFIGHTERS AND LAW ENFORCEMENT OFFICERS HEALTH INSURANCE PROGRAM FUND	History 2009-10	History 2010-11	2011-12	2012-13
POSITIONS - LEGISLATIVE COUNT	1.000	1.000	1.000	1.000
Personal Services	\$60,080	\$61,098	\$59,827	\$61,250
All Other	\$53,098	\$53,821	\$53,821	\$53,821
FIREFIGHTERS AND LAW ENFORCEMENT OFFICERS HEALTH INSURANCE PROGRAM FUND TOTAL	\$113,178	\$114,919	\$113,648	\$115,071

Justification:

The Division of Employee Health & Benefits is responsible for (1) the management and administration of the State employee health plan, dental plan, direct reimbursement accounts, deferred compensation, vision care, long term care insurance and retired teacher health premium reimbursement; (2) the central management and administration of the Workers' Compensation claims for State employees; (3) management of contracted services for the Employee Assistance Programs (EAP); and (4) the development of health & safety policies and programs to reduce the incidence of illnesses and injuries to employees. The Division is comprised of two primary units with the following responsibilities: The Employee Health unit (1) administers the State employee health plan providing a point-of-service plan and Medicare Advantage plan to approximately 40,000 covered lives. This unit administers subscriber enrollment, premium billing, claim resolution, and contract management for the health, dental, and voluntary benefits (flex spending accounts, deferred compensation, vision care and long term care insurance). This unit supports the State Employee Health Commission which serves as trustees to the State employee health plan. The unit facilitates agreements with Commission members in

order to develop policies and practices designed to contain plan costs while ensuring access to high quality, affordable health care services. This unit partners with a variety of vendors to analyze claims experience, identify trends and develop benefit design features. (2) Another area of responsibility is the EAP, which provides confidential assessment, referral, and counseling services for all State employees and their family members. The EAP assesses client needs and refers employee to appropriate community based providers. Additionally, the EAP provides short-term professional counseling services related to a wide range of personal issue, which may affect job performance. The primary objective of EAP is to provide direct services to enhance the productivity, performance, and quality of life of State employees. (3) Finally, the unit coordinates employee health and safety initiatives in cooperation with seventeen departmental health and safety committees. The unit provides consultation for work site assessments, ergonomic training, and other intervention strategies to reduce the risk of exposure to work related injuries. As part of the statewide safety programs, this unit manages the alcohol and drug testing policies and programs in order to comply with the Federal Highway Administration (FHWA) rules. The Workers' compensation Unit is responsible for case management of claims filed in the Executive, Legislative, and Judicial branches. The unit directs agencies in the timely reporting and payment of claims, monitors and controls medical costs, implements return-to-work programs, interprets Workers' Compensation law and policies for agencies and directs a management information system. The unit works closely with line agency representatives to ensure compliance with established reporting and payment standards and to develop policies and procedures to maximize efficiency and ensure effective management of all claims.

ACCIDENT - SICKNESS - HEALTH INSURANCE 0455
PROGRAM SUMMARY

GENERAL FUND	History 2009-10	History 2010-11	2011-12	2012-13
POSITIONS - LEGISLATIVE COUNT	0.500	0.500	0.500	0.500
Personal Services	\$0	\$11,992	\$20,507	\$21,607
All Other	\$659,017	\$780,638	\$780,638	\$780,638
GENERAL FUND TOTAL	\$659,017	\$792,630	\$801,145	\$802,245

RETIREE HEALTH INSURANCE FUND	History 2009-10	History 2010-11	2011-12	2012-13
All Other	\$48,400,235	\$48,400,235	\$48,400,235	\$48,400,235
RETIREE HEALTH INSURANCE FUND TOTAL	\$48,400,235	\$48,400,235	\$48,400,235	\$48,400,235

ACCIDENT, SICKNESS AND HEALTH INSURANCE INTERNAL SERVICE FUND	History 2009-10	History 2010-11	2011-12	2012-13
POSITIONS - LEGISLATIVE COUNT	13.000	13.000	13.000	13.000
Personal Services	\$957,747	\$957,625	\$939,761	\$969,705
All Other	\$913,132	\$935,213	\$935,213	\$935,213
ACCIDENT, SICKNESS AND HEALTH INSURANCE INTERNAL SERVICE FUND TOTAL	\$1,870,879	\$1,892,838	\$1,874,974	\$1,904,918

FIREFIGHTERS AND LAW ENFORCEMENT OFFICERS HEALTH INSURANCE PROGRAM FUND	History 2009-10	History 2010-11	2011-12	2012-13
POSITIONS - LEGISLATIVE COUNT	1.000	1.000	1.000	1.000
Personal Services	\$60,080	\$61,098	\$59,827	\$61,250
All Other	\$53,098	\$53,821	\$53,821	\$53,821
FIREFIGHTERS AND LAW ENFORCEMENT OFFICERS HEALTH INSURANCE PROGRAM FUND TOTAL	\$113,178	\$114,919	\$113,648	\$115,071

IFS in 12-0

Trade Adjustment Assistance Health Insurance Z001

Initiative: BASELINE BUDGET

	History 2009-10	History 2010-11	2011-12	2012-13
FEDERAL EXPENDITURES FUND				
All Other	\$20,962	\$20,962	\$8,385	\$8,385
FEDERAL EXPENDITURES FUND TOTAL	\$20,962	\$20,962	\$8,385	\$8,385
OTHER SPECIAL REVENUE FUNDS				
All Other	\$75,000	\$75,000	\$75,000	\$75,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$75,000	\$75,000	\$75,000	\$75,000

Justification:

The purpose of this program is to provide a group health insurance product for individuals certified to receive federal assistance for health coverage under the terms of the tax credit program within the federal Trade Adjustment Assistance Reform Act of 2002. Individuals certified under the Trade Adjustment Assistance Reform Act are workers who have been displaced as a result of foreign competition

**TRADE ADJUSTMENT ASSISTANCE HEALTH INSURANCE Z001
PROGRAM SUMMARY**

	History 2009-10	History 2010-11	2011-12	2012-13
FEDERAL EXPENDITURES FUND				
All Other	\$20,962	\$20,962	\$8,385	\$8,385
FEDERAL EXPENDITURES FUND TOTAL	\$20,962	\$20,962	\$8,385	\$8,385
OTHER SPECIAL REVENUE FUNDS				
All Other	\$75,000	\$75,000	\$75,000	\$75,000
OTHER SPECIAL REVENUE FUNDS TOTAL	\$75,000	\$75,000	\$75,000	\$75,000

IFS: IN 12-0

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

DEPARTMENT TOTALS	2011-12	2012-13
GENERAL FUND	\$801,145	\$802,245
FEDERAL EXPENDITURES FUND	\$8,385	\$8,385
OTHER SPECIAL REVENUE FUNDS	\$75,000	\$75,000
RETIREE HEALTH INSURANCE FUND	\$48,400,235	\$48,400,235
ACCIDENT, SICKNESS AND HEALTH INSURANCE INTERNAL SERVICE FUND	\$1,874,974	\$1,904,918
FIREFIGHTERS AND LAW ENFORCEMENT OFFICERS HEALTH INSURANCE PROGRAM FUND	\$113,648	\$115,071
DEPARTMENT TOTAL - ALL FUNDS	\$51,273,387	\$51,305,854

IFS: IN 12-0

IFS Committee Report to AFA 4/7/11

Sec. A-18. Appropriations and allocations. The following appropriations and allocations are made.

DIRIGO HEALTH

Dirigo Health Fund 0988

Initiative: BASELINE BUDGET

FEDERAL EXPENDITURES FUND	History 2009-10	History 2010-11	2011-12	2012-13
All Other	\$0	\$8,025,915	\$8,025,915	\$8,025,915
FEDERAL EXPENDITURES FUND TOTAL	\$0	\$8,025,915	\$8,025,915	\$8,025,915

DIRIGO HEALTH FUND	History 2009-10	History 2010-11	2011-12	2012-13
POSITIONS - LEGISLATIVE COUNT	13.000	13.000	13.000	13.000
Personal Services	\$1,326,402	\$1,360,020	\$1,329,604	\$1,369,836
All Other	\$47,050,113	\$70,798,821	\$70,641,652	\$70,641,652
DIRIGO HEALTH FUND TOTAL	\$48,376,515	\$72,158,841	\$71,971,256	\$72,011,488

Justification:

A key part of the Dirigo Health Reform Legislation was the creation of the Dirigo Health Agency. The Reform created the Agency as an independent executive agency "to arrange for the provision of comprehensive, affordable health care coverage to eligible small employers, including the self-employed, their employees and dependents, and individuals on a voluntary basis, and is also responsible for monitoring and improving the quality of health care in this State." (24-A M.R.S.A. §6902). When enacted in 2003, Governor Baldacci's Dirigo Health Reform Initiative was the first major health reform to be enacted in any state in over a decade. In the years since passage of Dirigo Health, other states have followed suit. The Agency operates under the supervision of a Board of Trustees. The composition of the Board was enhanced as a result of PL 2007 Chapter 447, from 5 voting members to 9 voting members and 3 ex officio, nonvoting members to 4. Since its inception the Dirigo Health Agency continues to pursue its mission of expanding access to and improving the quality of health care in the state. At the end of SFY2008 the Agency has: 1. Expanded the total number of Maine citizens statewide who had obtained access to care through its programs to 28,745 since the inception. 2. Continued to work against national trends by reducing the rate of uninsured in the State, consistent with its operations every year since 2003. 3. Saw continued reduction in hospital costs due to the hospitals' compliance with the voluntary targets set in the Dirigo Reform Act, consistent with its operations every year since 2003. 4. Completed collection and analysis of key hospital performance indicators for health care associated infection (HAI) prevention. This collection and analysis allows citizens and health care professionals to compare hospital performance in the prevention of HAI and provides a baseline for future comparisons. 5. Facilitated the creation of the Maine Infection Control Collaborative, a quality improvement consortium aimed at the spread of best practices in hospitals for infection prevention and control. Nearly all of Maine's acute care hospitals are now members of the Collaborative. 6. Led a successful application to Medicare to designate Maine as a demonstration site for the use of electronic medical record in small and medium size primary care medical practices. Up to 45% of Maine's primary care practices will participate in this program, meaning new federal dollars approaching \$29 million for successful performance. While reaching these goals, the Agency continues to face challenges with on-going financing. To meet these challenges, the Agency has increased the amount of the office visit and prescription drug copayments in the DirigoChoice program; increased the amount of Coinsurance members are responsible for from 20% to 30%; capped enrollment in the DirigoChoice program effective September, 2007 (there are over 2,000 citizens currently on a waiting list to enroll) and transitioned the DirigoChoice program from Anthem Blue Cross Blue Shield to Harvard Pilgrim Health Care because of a better financial arrangement. The Agency continues to exert tight control over its financial operations. In fiscal year 2008 the Agency reduced the operating expense ratio to 3.4% from 5.9% in SFY 2007 for the DirigoChoice product; completed fiscal year 2007 financial audit with no

amend
to
reflect
current
program

findings and managed total Agency expenses to 95% of Agency forecast. The primary source of funding for the Agency is the Savings Offset Payment (SOP). The SOP is an assessment the State levies on health insurance companies (and self-insured companies) in Maine based on a determination of Aggregate Measurable Cost Savings (AMCS) due to the operations of Dirigo Health (24-A M.R.S.A. §6913). To date the SOP process has proven contentious and logistically challenging for the Agency. Consider that: * The Chamber of Commerce, the Maine Automobile Dealer's Insurance Trust, and the Maine Association of Health Plans have intervened each year the AMCS process has occurred to dispute the AMCS amount. In 2005 these parties pursued their objections to the Maine Supreme Court. The Supreme Court upheld the State's determination. At the time of this report these parties along with Anthem Blue Cross and Blue Shield of Maine are appealing the most recent AMCS decision to Kennebec Superior Court. * The AMCS process costs the Agency a million dollars a year in consulting services. * Because the AMCS is variable from year to year, the SOP assessment is variable from year to year, making forecasting and planning difficult for both the Agency and the payers. * Because the SOP is levied as each insured account renews and then applied for a full twelve months, it takes two years for the Agency to collect a full SOP. Collecting one year's worth of revenue over two years creates a cash flow problem, where the timing of the payout of expenses does not match the timing of the receipt of revenue. The Legislature recognized these challenges in passing Public Law 2007 Chapter 629. This new law repealed the Savings Offset Payment and replaced it with new funding, including a tax on beer, wine and soda, eliminating the challenges of the SOP. This effort was repealed through a People's Veto and so the current funding mechanism remains in place. In order for the Agency to meet its monthly obligations it borrows from the State's cash pool. As the Agency receives SOP revenue it returns the borrowed funds to the cash pool. The Agency looks forward to working with the Governor and the 124th Legislature to find a solution to the challenges of the SOP.

Dirigo Health Fund 0988

Initiative: Provides funding to align allocations with projected available resources.

Ref. #: 7290

Committee Vote: IN 12-0

AFA Vote: _____

DIRIGO HEALTH FUND	2011-12	2012-13
All Other	\$3,017,835	\$5,049,763
DIRIGO HEALTH FUND TOTAL	\$3,017,835	\$5,049,763

Justification:

Original revenue projections anticipated additional revenue from employer and member contributions, resulting in this allocation request.

Dirigo Health Fund 0988

Initiative: Reduces funding to align allocations for the federal Health Resource and Services Administration grant with existing resources.

Ref. #: 7300

Committee Vote: IN 12-0

AFA Vote: _____

FEDERAL EXPENDITURES FUND	2011-12	2012-13
All Other	(\$1,362,011)	(\$1,362,011)
FEDERAL EXPENDITURES FUND TOTAL	(\$1,362,011)	(\$1,362,011)

Justification:

This initiative reduces allocation for the Health Resource and Service Administration grant for a voucher program that provides health insurance coverage for certain uninsured low-income, seasonal and part-time workers to align with existing resources.

Dirigo Health Fund 0988

Initiative: Provides funding for health insurance coverage for certain individuals with preexisting conditions.

Ref. #: 7310

Committee Vote: IN 12-0 AFA Vote: _____

	2011-12	2012-13
FEDERAL EXPENDITURES FUND		
All Other	\$4,857,143	\$4,857,143
FEDERAL EXPENDITURES FUND TOTAL	<u>\$4,857,143</u>	<u>\$4,857,143</u>

Justification:

The Patient Protection and Affordable Care Act created a new program, the Pre-Existing Condition Insurance Plan, to provide health insurance to individuals who have been denied coverage by private insurance companies because of a pre-existing condition. The Dirigo Health Agency will administer this program in the State of Maine.

Dirigo Health Fund 0988

Initiative: Reduces funding as a result of reduced revenue from access payments.

Ref. #: 7320

Committee Vote: IN 7-5 AFA Vote: _____

	2011-12	2012-13
DIRIGO HEALTH FUND		
All Other	(\$7,938,056)	(\$18,739,177)
DIRIGO HEALTH FUND TOTAL	<u>(\$7,938,056)</u>	<u>(\$18,739,177)</u>

Justification:

Part BBB of the bill proposes to reduce the access payment paid by health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers from its current level of 2.14% on all paid claims with certain exceptions, to 1.75% in fiscal year 2011-12, 1.25% in fiscal year 2012-13, 0.75% in fiscal year 2013-14 and 0.00% thereafter.

DIRIGO HEALTH FUND 0988
PROGRAM SUMMARY

	History 2009-10	History 2010-11	2011-12	2012-13
FEDERAL EXPENDITURES FUND				
All Other	\$0	\$8,025,915	\$11,521,047	\$11,521,047
FEDERAL EXPENDITURES FUND TOTAL	\$0	\$8,025,915	\$11,521,047	\$11,521,047
	History 2009-10	History 2010-11	2011-12	2012-13
DIRIGO HEALTH FUND				
POSITIONS - LEGISLATIVE COUNT	13.000	13.000	13.000	13.000
Personal Services	\$1,326,402	\$1,360,020	\$1,329,604	\$1,369,836
All Other	\$47,050,113	\$70,798,821	\$65,721,431	\$56,952,238
DIRIGO HEALTH FUND TOTAL	\$48,376,515	\$72,158,841	\$67,051,035	\$58,322,074

DIRIGO HEALTH

DEPARTMENT TOTALS	2011-12	2012-13
FEDERAL EXPENDITURES FUND	\$11,521,047	\$11,521,047
DIRIGO HEALTH FUND	\$67,051,035	\$58,322,074
DEPARTMENT TOTAL - ALL FUNDS	<u>\$78,572,082</u>	<u>\$69,843,121</u>

IFS Committee Report 4/7/11

Sec. A-59. Appropriations and allocations. The following appropriations and allocations are made.

PROFESSIONAL AND FINANCIAL REGULATION, DEPARTMENT OF

Bureau of Consumer Credit Protection 0091

Initiative: BASELINE BUDGET

	History 2009-10	History 2010-11	2011-12	2012-13
OTHER SPECIAL REVENUE FUNDS				
POSITIONS - LEGISLATIVE COUNT	16,500	16,500	16,500	16,500
Personal Services	\$1,189,691	\$1,162,623	\$1,303,985	\$1,359,046
All Other	\$312,450	\$389,795	\$389,795	\$389,795
OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,502,141	\$1,552,418	\$1,693,780	\$1,748,841

Justification:

The Bureau of Consumer Credit Protection protects the citizens of Maine from unfair and deceptive practices with respect to various financial services, including consumer credit and debt collection. This is accomplished through enforcing state laws to assist consumers who are subject to illegal credit-related practices, educating consumers and creditors as to their rights and responsibilities under those laws, and encouraging the development of fair and economically-sound consumer credit practices. The agency enforces the Maine Consumer Credit Code, Title 9-A, as it applies to all creditors and lenders other than banks and credit unions. Enforcement responsibilities also extend to other statutes, including the Fair Debt Collection Practices Act, the Fair Credit Reporting Act, and Maine's "Plain Language" Law. The agency regulates retail creditors, pawnshops, rent-to-own stores, mortgage companies, loan arrangers and credit bureaus. In addition, the office is responsible for ensuring legal compliance by money transmitters, money order issuers, operators of non-bank Automated Teller Machines, debt management service providers (credit counselors), payroll processors, and individual loan officers employed by non-bank lenders or loan brokers. The bureau enforces Truth in Lending, Regulation Z, credit disclosure requirements. Maine has received exemptions from federal oversight due to the State's diligent enforcement of the principles of the Truth-in-Lending Act and the Fair Debt Collection Practices Act.

Bureau of Consumer Credit Protection 0091

Initiative: Provides funding to meet foreclosure prevention obligations.

Ref. #: 19090

Committee Vote: IN 7-5

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	<i>see attached minority amendment</i>	2011-12	2012-13
All Other		\$587,815	\$587,815
OTHER SPECIAL REVENUE FUNDS TOTAL		\$587,815	\$587,815

Justification:

The Foreclosure Prevention Program has experienced a high volume caseload, which requires that additional resources be dedicated to the program. This initiative provides funding for the bureau to meet the public need. A portion of the funding will be used to contract with nonprofit agencies for housing counselors.

Bureau of Consumer Credit Protection 0091

Initiative: Reduces funding by freezing one vacant Principal Examiner position and one vacant Secretary Associate Supervisor position.

Minority Amendment to Ref #19090

Sec. A-59. Appropriations and allocations. The following appropriations and allocations are made.

PROFESSIONAL AND FINANCIAL REGULATION, DEPARTMENT OF

Bureau of Consumer Credit Protection 0091

Initiative: BASELINE BUDGET

	History 2009-10	History 2010-11	2011-12	2012-13
OTHER SPECIAL REVENUE FUNDS				
POSITIONS - LEGISLATIVE COUNT	16.500	16.500	16.500	16.500
Personal Services	\$1,189,691	\$1,162,623	\$1,303,985	\$1,359,046
All Other	\$312,450	\$389,795	\$389,795	\$389,795
OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,502,141	\$1,552,418	\$1,693,780	\$1,748,841

Justification:

The Bureau of Consumer Credit Protection protects the citizens of Maine from unfair and deceptive practices with respect to various financial services, including consumer credit and debt collection. This is accomplished through enforcing state laws to assist consumers who are subject to illegal credit-related practices, educating consumers and creditors as to their rights and responsibilities under those laws, and encouraging the development of fair and economically-sound consumer credit practices. The agency enforces the Maine Consumer Credit Code, Title 9-A, as it applies to all creditors and lenders other than banks and credit unions. Enforcement responsibilities also extend to other statutes, including the Fair Debt Collection Practices Act, the Fair Credit Reporting Act, and Maine's "Plain Language" Law. The agency regulates retail creditors, pawnshops, rent-to-own stores, mortgage companies, loan arrangers and credit bureaus. In addition, the office is responsible for ensuring legal compliance by money transmitters, money order issuers, operators of non-bank Automated Teller Machines, debt management service providers (credit counselors), payroll processors, and individual loan officers employed by non-bank lenders or loan brokers. The bureau enforces Truth in Lending, Regulation Z, credit disclosure requirements. Maine has received exemptions from federal oversight due to the State's diligent enforcement of the principles of the Truth-in-Lending Act and the Fair Debt Collection Practices Act.

Bureau of Consumer Credit Protection 0091

Initiative: Provides funding to meet foreclosure prevention obligations.

Ref. #: 19090

Committee Vote: _____

AFA Vote: _____

	2011-12	2012-13
OTHER SPECIAL REVENUE FUNDS		
All Other	\$587,815	\$587,815
OTHER SPECIAL REVENUE FUNDS TOTAL	\$587,815	\$587,815
	\$250,000	\$250,000

** Require transfer of \$337,815 balance to GF*

Justification:

The Foreclosure Prevention Program has experienced a high volume caseload, which requires that additional resources be dedicated to the program. This initiative provides funding for the bureau to meet the public need. A portion of the funding will be used to contract with nonprofit agencies for housing counselors.

Bureau of Consumer Credit Protection 0091

Initiative: Reduces funding by freezing one vacant Principal Examiner position and one vacant Secretary Associate Supervisor position.

Ref. #: 19100

Committee Vote: IN 12-0

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	2011-12	2012-13
Personal Services	(\$142,742)	(\$152,584)
All Other	(\$143)	(\$153)
OTHER SPECIAL REVENUE FUNDS TOTAL	(\$142,885)	(\$152,737)

Justification:

This initiative will freeze two vacant positions for the Bureau of Consumer Credit Protection; a Principal Examiner position and Secretary Associate Supervisor position.

Bureau of Consumer Credit Protection 0091

Initiative: Establishes one limited-period Senior Consumer Credit Examiner position for the foreclosure prevention program to assist with the foreclosure hotline and case review. This position ends on June 8, 2013.

Ref. #: 19110

Committee Vote: IN 12-0

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	2011-12	2012-13
Personal Services	\$72,033	\$76,835
All Other	\$72	\$77
OTHER SPECIAL REVENUE FUNDS TOTAL	\$72,105	\$76,912

Justification:

This initiative establishes a Senior Consumer Credit Examiner position in the Foreclosure Prevention program. This position will assist the many consumers who call each day on the foreclosure hotline to complete intake forms, determine which cases should be processed by the bureau and to make proper referrals of those cases that can be best handled by non-profit housing counselors or legal assistance offices under contract with the bureau.

**BUREAU OF CONSUMER CREDIT PROTECTION 0091
PROGRAM SUMMARY**

OTHER SPECIAL REVENUE FUNDS	History 2009-10	History 2010-11	2011-12	2012-13
POSITIONS - LEGISLATIVE COUNT	16.500	16.500	16.500	16.500
Personal Services	\$1,189,691	\$1,162,623	\$1,233,276	\$1,283,297
All Other	\$312,450	\$389,795	\$977,539	\$977,534
OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,502,141	\$1,552,418	\$2,210,815	\$2,260,831

Financial Institutions - Bureau of 0093

Initiative: BASELINE BUDGET

	History 2009-10	History 2010-11	2011-12	2012-13
OTHER SPECIAL REVENUE FUNDS				
POSITIONS - LEGISLATIVE COUNT	21,000	21,000	21,000	21,000
Personal Services	\$1,759,284	\$1,812,188	\$1,743,693	\$1,801,560
All Other	\$644,377	\$644,377	\$644,377	\$644,377
OTHER SPECIAL REVENUE FUNDS TOTAL	\$2,403,661	\$2,456,565	\$2,388,070	\$2,445,937

Justification:

The Bureau of Financial Institutions is an agency within the Department of Professional and Financial Regulation. The bureau is divided into 2 divisions: one for research and administration and the other responsible for examination and supervision. The bureau is funded by dedicated revenue. The bureau regulates all state-chartered banks and credit unions through the administration and enforcement of the Maine Banking Code and the Maine Consumer Credit Code. The bureau's statutory mission is to assure the strength, stability and efficiency of all financial institutions, ensure reasonable and orderly competition, encourage the development and expansion of financial services advantageous to the public welfare and protect consumers against unfair practices by financial institutions that provide consumer credit.

**FINANCIAL INSTITUTIONS - BUREAU OF 0093
PROGRAM SUMMARY**

	History 2009-10	History 2010-11	2011-12	2012-13
OTHER SPECIAL REVENUE FUNDS				
POSITIONS - LEGISLATIVE COUNT	21,000	21,000	21,000	21,000
Personal Services	\$1,759,284	\$1,812,188	\$1,743,693	\$1,801,560
All Other	\$644,377	\$644,377	\$644,377	\$644,377
OTHER SPECIAL REVENUE FUNDS TOTAL	\$2,403,661	\$2,456,565	\$2,388,070	\$2,445,937

IFS: in 12-0

Insurance - Bureau of 0092

Initiative: BASELINE BUDGET

	History 2009-10	History 2010-11	2011-12	2012-13
OTHER SPECIAL REVENUE FUNDS				
POSITIONS - LEGISLATIVE COUNT	81,500	81,500	80,000	80,000
Personal Services	\$6,674,781	\$6,874,579	\$6,640,956	\$6,865,391
All Other	\$1,884,360	\$2,013,751	\$2,013,751	\$2,013,751
OTHER SPECIAL REVENUE FUNDS TOTAL	\$8,559,141	\$8,888,330	\$8,654,707	\$8,879,142

Justification:

The Bureau of Insurance is responsible for the regulation and supervision of the insurance industry in Maine. This includes, but is not limited to, insurance companies, producers (formerly referred to as "agents"), health maintenance organizations (HMOs), employers' self insured for workers' compensation and other insurance entities. To meet this responsibility, the bureau is empowered to license insurance companies to operate in the State of Maine, as well as non-profit hospital, medical or other health service organizations, health maintenance organizations, insurance producers, medical utilization review entities, third-party administrators, continuing care retirement communities, advisory organizations and reinsurance intermediaries/managers. The bureau registers preferred provider organizations, risk purchasing groups, risk retention groups, managing general agents and employee leasing plans. The bureau regularly conducts vigorous financial examinations of all domestic insurers as well as examinations to determine market compliance with the Maine Insurance Code. Bureau staff also reviews all the financial statements, Securities and Exchange Commission filings and other publicly available information on all licensed and authorized insurance companies doing business in Maine, the emphasis being on the domestic carriers. The bureau also examines and issues licenses to qualified applicants as insurance producers, consultants and adjusters. All policy forms and contracts used in Maine must be filed by insurance companies for approval by the bureau which administers the rating laws that apply to certain lines of insurance. The bureau may seek suspension or revocation of licenses in instances where licensees have failed to comply with the statutory provisions of Titles 24 and 24-A and the lawful regulations of the bureau.

Insurance - Bureau of 0092

Initiative: Provides funding to establish baseline allocation to receive and expend federal funds to further purposes of the Bureau of Insurance.

Ref. #: 19140

Committee Vote:

IN 12-0

AFA Vote: _____

	2011-12	2012-13
FEDERAL EXPENDITURES FUND		
All Other	\$1,000,000	\$1,000,000
FEDERAL EXPENDITURES FUND TOTAL	\$1,000,000	\$1,000,000

Justification:

This initiative establishes an allocation for the Bureau of Insurance for programs funded by the Federal Government. Increasing grant opportunities are being made available and this initiative will enable the Bureau of Insurance to apply for and expend federal funds.

INSURANCE - BUREAU OF 0092
PROGRAM SUMMARY

	History 2009-10	History 2010-11	2011-12	2012-13
FEDERAL EXPENDITURES FUND				
All Other			\$1,000,000	\$1,000,000
FEDERAL EXPENDITURES FUND TOTAL			<u>\$1,000,000</u>	<u>\$1,000,000</u>
	History 2009-10	History 2010-11	2011-12	2012-13
OTHER SPECIAL REVENUE FUNDS				
POSITIONS - LEGISLATIVE COUNT	81.500	81.500	80.000	80.000
Personal Services	\$6,674,781	\$6,874,579	\$6,640,956	\$6,865,391
All Other	\$1,884,360	\$2,013,751	\$2,013,751	\$2,013,751
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$8,559,141</u>	<u>\$8,888,330</u>	<u>\$8,654,707</u>	<u>\$8,879,142</u>

Office of Securities 0943

Initiative: BASELINE BUDGET

	History 2009-10	History 2010-11	2011-12	2012-13
OTHER SPECIAL REVENUE FUNDS				
POSITIONS - LEGISLATIVE COUNT	12,000	12,000	12,000	12,000
Personal Services	\$954,956	\$988,316	\$987,117	\$1,018,301
All Other	\$410,765	\$431,363	\$431,363	\$431,363
OTHER SPECIAL REVENUE FUNDS TOTAL	\$1,365,721	\$1,419,679	\$1,418,480	\$1,449,664

Justification:

The Office of Securities was formed to protect Maine citizens against fraud and other abusive practices in connection with the sale of securities. The office's major functions include licensing persons engaged in the business of selling securities or providing investment advice, registering securities being offered and sold in Maine, and investigating and prosecuting alleged violations of the securities laws. The Office of Securities administers and enforces the Maine Uniform Securities Act, the laws governing the sale of business opportunities, and the Maine Commodity Code.

Office of Securities 0943

Initiative: Provides funding to support the procurement of expert witnesses necessary for the increase of enforcement cases with the Office of Securities.

Ref. #: 19510

Committee Vote: IN 12-0

AFA Vote: _____

	2011-12	2012-13
OTHER SPECIAL REVENUE FUNDS		
All Other	\$20,020	\$20,020
OTHER SPECIAL REVENUE FUNDS TOTAL	\$20,020	\$20,020

Justification:

The Office of Securities has had a significant increase in enforcement cases, requiring additional resources for investigation and prosecution. This initiative will allow the Office to meet the increased obligations of enforcement.

Office of Securities 0943

Initiative: Provides funding for the increase in legal services provided by the Office of the Attorney General.

Ref. #: 19520

Committee Vote: IN 12-0

AFA Vote: _____

	2011-12	2012-13
OTHER SPECIAL REVENUE FUNDS		
All Other	\$28,489	\$26,192
OTHER SPECIAL REVENUE FUNDS TOTAL	\$28,489	\$26,192

Justification:

The Office of Securities has an increased caseload of investigations and prosecutions. This initiative will allow the office to pay for additional resources necessary from the Office of the Attorney General.

Office of Securities 0943

Initiative: Provides funding to establish baseline allocation for the Office of Securities program to receive and expend federal funds.

Ref. #: 19530

Committee Vote:

1A 12-0

AFA Vote: _____

FEDERAL EXPENDITURES FUND	2011-12	2012-13
All Other	\$10,113	\$10,113
FEDERAL EXPENDITURES FUND TOTAL	<u>\$10,113</u>	<u>\$10,113</u>

Justification:

This initiative will allow the Office of Securities to expend federal funds consistent with the purposes for which the Office was established, including protection of the public from fraudulent marketing.

Office of Securities 0943

Initiative: Continues one limited-period Senior Securities Examiner position and one limited-period Securities Examiner-in-Charge position through June 8, 2013 that were previously established by Financial Order 6425 F11.

Ref. #: 19540

Committee Vote:

1A 12-0

AFA Vote: _____

OTHER SPECIAL REVENUE FUNDS	2011-12	2012-13
Personal Services	\$156,608	\$166,996
All Other	\$1,762	\$1,879
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$158,370</u>	<u>\$168,875</u>

Justification:

This initiative continues two positions for the purpose of handling the increased examinations and audits for compliance of Securities laws and regulations. Office of Securities estimates an increase of 17 additional examinations many of which are new financial advisors as well as additional and more complex products in the scope of the examinations.

OFFICE OF SECURITIES 0943
PROGRAM SUMMARY

	History 2009-10	History 2010-11	2011-12	2012-13
FEDERAL EXPENDITURES FUND				
All Other			\$10,113	\$10,113
FEDERAL EXPENDITURES FUND TOTAL			<u>\$10,113</u>	<u>\$10,113</u>
	History 2009-10	History 2010-11	2011-12	2012-13
OTHER SPECIAL REVENUE FUNDS				
POSITIONS - LEGISLATIVE COUNT	12,000	12,000	12,000	12,000
Personal Services	\$954,956	\$988,316	\$1,143,725	\$1,185,297
All Other	\$410,765	\$431,363	\$481,634	\$479,454
OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$1,365,721</u>	<u>\$1,419,679</u>	<u>\$1,625,359</u>	<u>\$1,664,751</u>

PROFESSIONAL AND FINANCIAL REGULATION, DEPARTMENT OF

DEPARTMENT TOTALS	2011-12	2012-13
FEDERAL EXPENDITURES FUND	\$1,010,113	\$1,010,113
OTHER SPECIAL REVENUE FUNDS	\$14,878,951	\$15,250,661
DEPARTMENT TOTAL - ALL FUNDS	\$15,889,064	\$16,260,774

PART BBB

Sec. BBB-1. 24-A §6917, sub-§1, 1st ¶, as enacted by PL 2009, c. 359, §4 and affected by §8 is amended to read:

1. Access payments required from health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers. All-health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers shall pay an access payment of ~~2.14%~~ on all paid claims, except claims under accidental injury, specified disease, hospital indemnity, dental, vision, disability income, long-term care, Medicare supplement or other limited benefit health insurance. The amount of the access payment is 2.14% on claims for services provided through June 30, 2011, 1.75% on claims for services provided from July 1, 2011 to June 30, 2012, 1.25% on claims for services provided from July 1, 2012 to June 30, 2013 and 0.75% on claims for services provided from July 1, 2013 to December 31, 2013. No access payment may be charged for any claims for services provided on January 1, 2014 or thereafter. The following provisions govern access payments.

**SUMMARY
PART BBB**

This Part reduces the access payments made to support the cost of the Dirigo Health Agency from 2.14% to 1.75% on July 1, 2011, to 1.25% on July 1, 2012, to 0.75% on July 1, 2013 and eliminates the access payment effective January 1, 2014.

Note: This Language Part was revised and resubmitted by the Governor. It will not match what was posted on the Bureau of the Budget website.

Revenue	FY 2011-12	FY 2012-13	Projections FY 2013-14	Projections FY 2014-15
Dirigo Health Fund PART BBB, Section 1	(\$7,938,056)	(\$18,739,177)	(\$37,162,525)	(\$45,058,246)

IFS: in 7-5

MEMORANDUM

To: Colleen McCarthy-Reid
From: Anne L. Head
Subject: Response to Question Regarding Budget Initiatives
Date: March 31, 2011

Question: What, if any, budget requests were made by DPFR agencies but not put forward in the budget bill?

Response:

Bureau of Consumer Credit Protection – 0091

The third initiative for the Bureau of Consumer Credit Protection on page IFS-12 (Ref. #; 19110) establishing one limited-period Senior Consumer Credit Examiner position for the Foreclosure Prevention program was originally requested as a permanent position with headcount and no end date.

Bureau of Insurance – 0092

The Bureau of Insurance's original budget submission included two initiatives that did not appear in the budget bill.

Initiative: Increases funding for Assistant Attorney General Services

Other Special Revenue Funds	2011-12	2012-13
All Other	\$188,181	\$188,181

Justification: This initiative increases funding for Assistant Attorney General Services based on estimates received from the Office of the Attorney General.

Initiative: Increases funding to support Bureau of Insurance Market Conduct Initiative.

Other Special Revenue Funds	2011-12	2012-13
All Other	\$364,633	\$364,633

Justification: Expanded market conduct initiative based on national health care reform and market conduct examination work focused on protecting insurance consumers and ensuring a level playing field for insurance industry stakeholders.

It should be noted that examination expense dollars are reimbursable. Also, with this change expenditures will be restored to pre-fiscal year 2008-2009 levels which provided funding for financial examination replaced by market conduct initiatives.

Office of Securities – 0943

The fourth initiative for the Office of Securities on page **IFS-17 (Ref. #: 19540)** establishing one limited-period Senior Securities Examiner position and one limited period Securities Examiner-in-Charge position was originally requested as a permanent positions with headcount and no end dates.