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O.F.P.R.
 2013 JAN 30 PM

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

To: Dawn Hill, Senate Chair
 Margaret Rotundo, House Chair
 Joint Standing Committee on Appropriations and Financial Affairs

From: Geoffrey M. Gratwick, Senate Chair
 Sharon Anglin Treat, House Chair
 Joint Standing Committee on Insurance and Financial Services

Date: January 30, 2013

Subject: Committee Recommendations on the Governor's Emergency Supplemental Budget Bill (LR 1045)

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 (LR 1045) that were considered in public hearing on January 23 and 24, 2012. We have reviewed and discussed these initiatives and appreciate your consideration of our recommendations and comments.

1. Dirigo Health—Part X Language

The committee voted 10-2 in support of Part X. (Sen. Gratwick and Rep. Beaudoin opposed the motion) Rep. Beck was absent at the time of the vote, but has indicated he supports the majority position. Part X transfers funds from Dirigo Health to the Department of Health and Human Services for the purpose of providing a state match for federal Medicaid services. Part X increases the amount that was originally required to be transferred in last year's budget.

While the majority of the committee voted in support of the transfer, several members expressed concerns about the potential impact of transferring these additional funds to support Medicaid services rather using the funds to provide coverage to individuals and small businesses eligible for health coverage under the DirigoChoice program. Although the committee requested additional information about the potential impact on the DirigoChoice program, the committee did not receive information prior to the work session that explained how the reduction in funding (and increase in the transfer to DHHS) will affect those individuals that currently receive coverage or could have been enrolled in coverage. As the Dirigo Health Agency is planning for the termination of its coverage programs, the committee wants to ensure that coverage is maintained for those eligible through the end of 2013.

Committee members also expressed concerns about the potential impact of the proposed transfer on the Maine Quality Forum. The committee supports the mission of the Maine Quality Forum

and anticipates discussing the need for continued funding for MQF as part of the biennial budget process.

Although they voted to support the Part X language, three members of the committee (Rep. Treat, Sen. Woodbury and Rep. Pringle) expressed their opposition to the changes to Medicaid eligibility made in the underlying biennial budget resulting in a loss of health insurance coverage for the affected individuals.

The 2 members who voted in opposition to the inclusion of Part X disagree with the changes to Medicaid eligibility reflected in the underlying biennial budget and also feel that they do not have enough information to make a recommendation at this time.

Following the committee's work session and after the committee voted on its recommendation, the Dirigo Health Agency submitted written responses to questions posed by the committee. We have attached their responses for your information.

2. Department of Professional and Financial Regulation---Part AA Language

The committee voted unanimously (12-0) to support Part AA. Rep. Beck was absent at the time of the vote, but has indicated he also supports Part AA. Part AA directs the State Controller to transfer \$3,000,000 from available balances in Other Special Revenue accounts in the department to the General Fund before June 30, 2013. Under the proposed language, the Commissioner of Professional and Financial Regulation shall determine from which accounts the funds must be transferred. While Commissioner Head has explained the need for flexibility to evaluate the available balances before the end of this fiscal year, the committee has directed the Commissioner to consult with them before the transfers are made at the end of June. The committee believes strongly that the transfers should not have any adverse impact on the core functions of the department.

We note that the department and each agency within the department are fully supported through dedicated revenue paid by regulated entities. The committee also expressed its concern to Commissioner Head that the department ensure that the fees charged to its regulated entities accurately reflect the operating costs and regulatory functions of each agency. If the fees charged are in excess of an agency's budget, the committee agreed that the department should seek to reduce its fees or take other steps to maintain revenue that matches its budget.

We hope that the input we have provided on the budget proposals within our subject matter jurisdiction is given significant weight in your committee deliberations. We have considered our recommendations carefully and thoughtfully. We request that you notify us and include us in any further discussions and work sessions related to the budgets of the entities within our policy jurisdiction.

Thank you for your consideration of our comments.

Enclosures: Attachment

STATE OF MAINE
DIRIGO HEALTH AGENCY
53 STATE HOUSE STATION AUGUSTA, MAINE 04333-0053



PAUL R. LEPAGE
GOVERNOR

KARYNLEE HARRINGTON
EXECUTIVE DIRECTOR

DATE: January 30, 2013

TO: Senator Gratwick, Representative Treat and members of the Joint Standing Committee on Insurance and Financial Services

FROM: Karynlee Harrington, Executive Director, Dirigo Health Agency

CC: Colleen McCarthyReid, Legislative Analyst
Joe Bruno, Chair Dirigo Health Agency Board of Trustees
William Kilbreth, Deputy Director, Dirigo Health Agency

RE: Committee Questions specific to provision in proposed Supplemental Budget that affects DHA

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1. Why is the original amount of the transfer from last year's budget bill being increased? Is it related to an increase in projected enrollment?

The Agency is not aware of the reasons for the transfer. Chris Nolan from the Office of Fiscal and Program Review may be able to provide this information.

2. More information about the past transfers made by Dirigo for the Medicaid match and the number of individuals enrolled in Medicaid as part of the expansion. What is the breakdown of those enrolled between 150% and 200% and the funding required to the population between 133% and 150%? What was the reason for requiring the Agency to take responsibility for the state matching costs of the population between 133% and 150%?

The legislation that created Dirigo in 2003 also established the eligibility category for parents with incomes between 151% and 200% of FPL and established that DHA would be responsible for the State share for this population.

PHONE: 207-287-9922

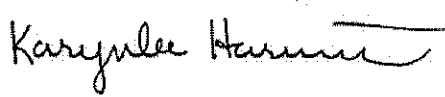
FAX: 207-287-9922

WEBSITE: WWW.DIRIGOHEALTH.MAINE.GOV

6. Revenue and projected revenue from the health access payment at 1.64% through June 30, 2013 and at 1.14% from July 1 to December 31; the amount and overall percentage of the health access payment that is being transferred from supporting subsidies to providing the State match for Medicaid.

Period	% basis	access payment	Transfer to MaineCare (current)	Transfer to MaineCare (proposed)
SFY 2013 (July 2012 – June 2013)	1.64%	\$34,051,625.00	\$7,359,210 (22%)	\$12,171,271 (36%)
SFY 2014 (July 2013 – December 2013)	1.14%	\$11,835,016.01	No required transfer	No required transfer

Please do not hesitate to contact me with any further questions.



Karynlee Harrington