



HEALTHCARE
PURCHASER
ALLIANCE
OF MAINE

Payment Reform
MBGH

May 4, 2022



WHO WE ARE

The Alliance is a purchaser-led partnership of multiple stakeholders working collaboratively to improve health and to maximize the value of healthcare services in Maine.

The Alliance is organized for the following purposes:

- (1) To be a catalyst for improving healthcare quality, value, economy and consumer choice throughout the State of Maine;
- (2) To promote solutions that improve health and healthcare and lower associated costs; and
- (3) To be a resource to Alliance members and to the public generally in meeting their health and healthcare goals.

60+

Members

150k+

Commercially Insured Lives

\$1B+

Annual Spend



WHAT WE DO



Healthcare Cost Containment

Through initiatives like Rx group purchasing, bundled payments for inpatient procedures, and incentives that drive patients to high-value care, HPA members are on the cutting edge of healthcare purchasing.



Purchaser Advocacy

Every stakeholder in our healthcare system has an organization that advocates for their best interests. The HPA is that organization for employers, and our members believe that by joining forces they can drive the change they want to see in healthcare quality and affordability.



Networking and Learning

The HPA serves as a learning lab for purchasers around Maine who are interested in getting more value from their healthcare spend. Through groups like the Purchaser Learning Collaborative, members share what's working, and not working, at their organizations.



Custom Analytic Services

Typical health plan reports can be overwhelming and leave employers wondering what to do next. With dedicated analysts and custom reports, HPA members get insight into the factors driving their spend and help identifying strategies they can take to lower costs.



Rights and Responsibilities of Plan Sponsors as Fiduciaries



Who is a fiduciary?

- **Anyone who exercises discretion over plan assets**
- **Almost *always* the Plan Sponsor**
- **Claims Administrator**
(BUCAH or TPA)

- CEOs, CFOs, COOs
- Board Members
- Benefits Committees
- VPs of HR
- Benefits Administrators
- Benefits Consultants
- The Benefit Trust

What does it mean to be a fiduciary?

ERISA requires fiduciaries to discharge their duties:

- For the **EXCLUSIVE BENEFIT** of plan & participants
- Using the skills of a prudent person
- In accordance with the plan's documents

What are the consequences of a breach of fiduciary duty?

Personal liability to restore any losses to the plan resulting from their actions, or inaction:

- 20% penalty assessed by the DOL
- Removal from fiduciary status
- Possible criminal penalties



Employer Fiduciary Alert

4 Things Employers Need to do Before January 1st

**Fiduciary Best Practices for Employer Sponsored
Health Plans**

Intent

- Ensure regulatory awareness
- Minimize liability
- Improve plan for employees



Group Health Provisions of the Consolidated Appropriations Act (CAA)

Why Was the Legislation Created?

- Lack of clarity in the role of Plan Sponsor as the Fiduciary under ERISA/PHSA and specific responsibilities
- Contracts that restrict Plan Sponsors from full access to their data
- Lack of transparency in pricing and benefit plan administration
- Accountability for services provided
- Need for more aggressive enforcement of the federal Mental Health Parity and Addiction Equity Act of 2008

*The legislation was signed into law December 27, 2020 and established the **Plan Sponsor as the Fiduciary** under ERISA/PHSA/IRS tax code.*

4 Key Areas of CAA

**Employer Fiduciary responsibilities
across 4 key areas:**

- Removes gag clauses from service provider contracts on price and quality information
- Establishes reporting requirements (i.e. Rx)
- Requires the disclosure of direct and indirect compensation from all service providers
- Requires parity in substance abuse and mental health benefits



Urgent Issues to Address

1

Remove gag clauses
from contracts
before renewal

2

Review broker
compensation and
service disclosures

3

Determine broker
compensation
reasonableness