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Via Electronic and Overnight Mail

Larry Carbonneau, CPA
Senior Financial Analyst
Division of Licensing and Regulatory Services
Department of Health and Human Services
State House Station #11
41 Anthony Avenue
Augusta, Maine 04333-0011
Electronic mail: DLRS.CON@maine.gov

Re: Request for Determination of Non-Applicability and Certification under 22 M.R.S.A. Section 4204(2-A)

Dear Mr. Carbonneau:

We represent Martin's Point Health Care, Inc. ("MPHC") and its wholly owned subsidiaries Martin's Point Generations, LLC ("MPG"), and Martin's Point Generations Advantage, Inc. ("MPGA"). We are writing, on behalf of MPHC, MPG, and MPGA, to: (1) confirm that the transaction described below is not subject to review under Maine Revised Statutes Title 22, Chapter 103-A and may proceed without the issuance of a Certificate of Need ("CON"); and (2) request a certification from the Department of Health and Human Services (the "Department") that MPGA satisfies certain requirements described in 24-A M.R.S.A Section 4204(2-A) relating to standards of patient care and the maintenance of an internal quality assurance program. This request is submitted pursuant to 24-A M.R.S.A Section 4204(2-A) as part of an Application for a Certificate of Authority ("COA") submitted by MPGA to the Maine Bureau of Insurance.

Background

MPG operates a Medicare Advantage health maintenance organization ("HMO") pursuant to a Certificate of Authority issued by the Maine Bureau of Insurance on April 6, 2006. MPHC wishes to modify the corporate structure through which the Medicare Advantage HMO is offered by transferring all HMO-related contracts and obligations to MPG's new sister company MPGA. MPGA is a Maine nonprofit corporation formed exclusively for the purpose of taking over the operation of the Medicare Advantage HMO. As a result of the restructuring, all operations of the Medicare Advantage HMO will be transferred to MPGA, but there will be no change in the design of plan benefits, in the service area, or in the network of providers who provide services to plan members. The Board of Directors of MPGA will be comprised of three senior executives of

MPHC, who are currently involved with the management of MPG and the Medicare Advantage HMO. The members of the Board of Directors of MPGA are selected by the Board of MPHC and subject to the oversight of the MPHC Board of Directors.

The COA that was issued to MPG in 2006 cannot be transferred to MPGA. Therefore, in order to implement the proposed restructuring, MPGA must obtain its own COA. MPGA submitted an application for a COA to the Maine Bureau of Insurance on August 13, 2015, and the Bureau has begun its review of that application.

The provisions of Chapter 56 of the Maine Insurance Code governing the issuance of a COA to an HMO impose two conditions that involve the Department of Health and Human Services. Specifically, 24-A M.R.S.A Section 4204(2-A) conditions the issuance of a COA upon: (1) a certification by the Commissioner of Health and Human Services either that the applicant HMO has received a CON or that a CON is not required pursuant to Title 22, Chapter 103-A; and (2) if a CON is not required, a certification by the Commissioner of Health and Human Services that the HMO has established procedures that ensure that health care services are provided consistent with reasonable standards of quality of care and that the HMO maintains an ongoing internal quality assurance program to monitor and evaluate its health care services, which quality assurance program must include certain specified elements.

Analysis Regarding Non-Applicability of CON Requirements

We respectfully submit that the proposed restructuring of MPHC's Medicare Advantage HMO service may proceed without the necessity of a CON because, notwithstanding the general provisions of 22 M.R.S.A. Section 329, the requirements of Title 22, Chapter 103-A do not apply to activities or acquisitions by or on behalf of a health maintenance organization. *See* 22 M.R.S.A. Section 330(2). Therefore, we request a certification from the Department that a CON is not required. We have attached for your convenience a copy of the letter provided by the Department on March 15, 2006 in response to the request submitted by MPG in connection with the establishment of its Medicare Advantage HMO.

Requirements of 24-A M.R.S.A. Section 4204(2-A)

Assuming that the Department can confirm that the proposed restructuring of MPHC's Medicare Advantage HMO service is not subject to review and can proceed without the issuance of a CON, we respectfully request that the Department certify that the procedures governing the provision of services and the quality assurance program to be established by MPGA satisfy the requirements of 24-A M.R.S.A Section 4204(2-A). Accordingly, as required by 24-A M.R.S.A Section 4204(2-A), MPHC, MPG, and MPGA represent to the Department that MPG has and MPGA shall:

1. Establish and maintain procedures to ensure that the health care services provided to plan members are rendered under reasonable standards of quality of care consistent with prevailing professionally recognized standards of medical practice, which

procedures include mechanisms to ensure availability, accessibility and continuity of care.

2. Have an ongoing internal quality assurance program to monitor and evaluate its health care services including primary and specialist physician services, ancillary and preventive health care services across all institutional and noninstitutional settings. The program is structured to comply with written policies, accreditation standards, or regulatory requirements that include:
 - a. Goals and objectives that emphasize improved health outcomes in evaluating the quality of care rendered to enrollees;
 - b. A quality assurance plan that describes the following:
 - i. The health maintenance organization's scope and purpose in quality assurance;
 - ii. The organizational structure responsible for quality assurance activities;
 - iii. Contractual arrangements, in appropriate instances, for delegation of quality assurance activities;
 - iv. Confidentiality policies and procedures;
 - v. A system of ongoing evaluation activities;
 - vi. A system of focused evaluation activities;
 - vii. A system for reviewing and evaluating provider credentials for acceptance and performing peer review activities; and
 - viii. Duties and responsibilities of the designated physician supervising the quality assurance activities;
 - c. A system of ongoing quality assurance activities including:
 - i. Problem assessment, identification, selection and study;
 - ii. Corrective action, monitoring evaluation and reassessment; and
 - iii. Interpretation and analysis of patterns of care rendered to individual patients by individual providers;
 - d. A system of focused quality assurance activities based on representative samples of the enrolled population that identifies the method of topic selection, study, data collection, analysis, interpretation and report format; and
 - e. Plans for taking appropriate corrective action whenever, as determined by the quality assurance program, inappropriate or substandard services have been provided or services that should have been furnished have not been provided.

In this regard, we note that the Medicare Advantage HMO operated by MPG has received accreditation from the National Committee for Quality Assurance ("NCQA"). In order to obtain NCQA accreditation, MPG was required to establish and maintain standards for patient care and an ongoing internal quality assurance program that meet NCQA criteria which either parallel or

exceed the requirements of 24-A M.R.S.A Section 4204(2-A). The same standards, procedures, and programs of MPG will be maintained fully by MPGA, and MPGA will seek its own accreditation following the restructuring. Importantly, by virtue of NCQA accreditation a Medicare Advantage is deemed by CMS to meet the stringent CMS requirements in the following quality categories:

1. Quality improvement;
2. Antidiscrimination;
3. Access to services;
4. Confidentiality of enrollee records;
5. Information on advance directives;
6. Provider participation rules, and
7. Certain requirements for Part D drug programs.

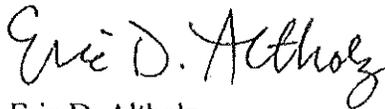
See 42 CFR 422.156(a) and (b); 42 CFR 423.165(b)(1)-(3).

Conclusion

Based on the foregoing analysis and representations, we respectfully request confirmation that the proposed restructuring of MPHC's Medicare Advantage HMO service by transferring the service in its entirety from MPG to MPGA is not subject to CON review. We also respectfully request that the Department certify to the Maine Bureau of Insurance that MPGA will meet the applicable requirements of 24-A M.R.S.A Section 4204(2-A) relating to procedures for standards of service and quality assurance programs.

If you require any additional information or documentation to complete your consideration of the requests contained in this letter, please let me know. Thank you for your assistance.

Very truly yours,



Eric D. Altholz

EDA:kag

cc: Ann R. Connelly –Vice President, Compliance & Legal Affairs
Rebekah Dube – Vice President, Senior Products