

MAINE STATE LEGISLATURE

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BANKING AND INSURANCE

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to H.P. 681, L.D. 933, "Resolve, to Establish a Commission to Study Insurance Fraud"

Amend the resolve by striking out everything after the title and before the summary and inserting in its place the following:

'Emergency preamble. Whereas, Acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, it has come to the attention of the Legislature that insurance fraud is a serious concern of both the insurance industry and law enforcement; and

Whereas, a study of the laws related to insurance fraud is necessary to determine the extent of the problem in the State and to develop possible recommendations to strengthen the State's laws governing insurance fraud; and

Whereas, this resolve establishes the Commission to Study Insurance Fraud; and

Whereas, members of the commission established by this resolve must be appointed prior to the expiration of the 90-day period; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

COMMITTEE AMENDMENT

2 **Sec. 1. Commission established. Resolved:** That the Commission
to Study Insurance Fraud, referred to in this resolve as the
4 "commission," is established; and be it further

6 **Sec. 2. Commission membership. Resolved:** That the commission
consists of the following 12 members:

8
1. Ten members appointed by the Governor representing the
10 following interests and constituent groups: five representatives
from the insurance industry; one representative of the Office of
12 the State Fire Marshal; one representative of the Medicaid fraud
unit of the Department of Human Services; one representative of
14 the private bar; one representative of a hospital; and one
representative of health care providers. Trade groups
16 representing these interests may make recommendations to the
Governor regarding appointees to the commission; and

18
2. Two Legislators, one of whom must be a Senator appointed
20 by the President of the Senate and one of whom must be a
Representative appointed by the Speaker of the House; and be it
22 further

24 **Sec. 3. Appointments; meetings. Resolved:** That all appointments
must be made no later than 30 days following the effective date
26 of this resolve. The Executive Director of the Legislative
Council must be notified by all appointing authorities once the
28 selections have been made. Within 15 days after the appointment
of all members, the Chair of the Legislative Council shall call
30 and convene the first meeting of the commission. The commission
shall select a chair from among its members; and be it further

32 **Sec. 4. Duties. Resolved:** That the commission shall study the
34 following issues:

36 1. The current statutory provisions governing insurance
fraud in this State including the civil and criminal penalties
38 available and the effectiveness of those provisions;

40 2. Any model legislation relating to insurance fraud
proposed by the National Association of Insurance Commissioners
42 and the laws concerning insurance fraud in other states; and

44 3. Any other issues concerning insurance fraud determined
relevant to the study by the commission; and be it further

46 **Sec. 5. Staffing assistance. Resolved:** That the Bureau of
48 Insurance shall provide staffing assistance to the commission.

The Office of Policy and Legal Analysis may also serve as a resource to the commission; and be it further

Sec. 6. Reimbursement. Resolved: That the legislative members of the commission are entitled to legislative per diem and reimbursement for travel and other necessary expenses upon application to the Executive Director of the Legislative Council; and be it further

Sec. 7. Report. Resolved: That the commission shall submit its report and recommendations, together with any necessary implementing legislation, to the joint standing committee of the Legislature having jurisdiction over insurance matters no later than March 1, 1998. If the commission requires an extension, it may apply to the Legislative Council, which may grant the extension; and be it further

Sec. 8. Appropriation. Resolved: That the following funds are appropriated from the General Fund to carry out the purposes of this resolve.

1997-98

LEGISLATURE

Commission to Study Insurance Fraud

Personal Services	\$880
All Other	1,300

Provides funds for the per diem and expenses of legislative members and miscellaneous costs, including printing, of the Commission to Study Insurance Fraud.

TOTAL	\$2,180
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Emergency clause. In view of the emergency cited in the preamble, this resolve takes effect when approved.'

Further amend the resolve by inserting at the end before the summary the following:

FISCAL NOTE

1997-98

APPROPRIATIONS/ALLOCATIONS

General Fund

\$2,180

The Legislature will require a General Fund appropriation of \$2,180 in fiscal year 1997-98 for the per diem and expenses of legislative members and miscellaneous costs, including printing, of the Commission to Study Insurance Fraud. The additional costs associated with serving as a resource to the commission can be absorbed by the Legislature utilizing existing budgeted resources.

The Bureau of Insurance, within the Department of Professional and Financial Regulation, will incur some minor additional costs to provide staffing assistance to the Commission to Study Insurance Fraud. These costs can be absorbed within the bureau's existing budgeted resources.

The additional costs associated with participating as a member of the commission can be absorbed by the Department of Human Services and the Department of Public Safety utilizing existing budgeted resources.'

SUMMARY

This amendment establishes the Commission to Study Insurance Fraud. The commission shall report its findings and any recommended legislation to the joint standing committee of the Legislature having jurisdiction over insurance matters.

The amendment makes the following changes from the original bill:

1. It adds representatives from the Office of the State Fire Marshal, the Medicaid fraud unit of the Department of Human Services, the private bar, hospitals and health care providers to the commission and clarifies that the Governor appoints the commission members who are not Legislators;

2. It reduces the legislative membership from 3 to 2 members;

3. It clarifies the issues that the commission must study;

4. It requires that only legislative members of the commission are entitled to legislative per diem and reimbursement for travel and other necessary expenses;

5. It changes the reporting date from December 1, 1998 to March 1, 1998;

COMMITTEE AMENDMENT "A" to H.P. 681, L.D. 933

2 6. It adds an emergency preamble and emergency clause to
the resolve; and

4 7. It adds an appropriation section and a fiscal note to
the resolve.

COMMITTEE AMENDMENT