

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
116TH LEGISLATURE

FIRST REGULAR SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE

JULY 1993

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**ONE HUNDRED AND SIXTEENTH LEGISLATURE  
FIRST REGULAR SESSION**

**JOINT STANDING COMMITTEE  
BILL SUMMARIES**

**JULY 1993**

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The volume is organized alphabetically by committee; within each committee, the summaries are arranged by LD number. A subject index is provided at the beginning of each committee's summaries.

The committee report or reports, the prime sponsor for each bill and the lead co-sponsor in each house if one has been designated are listed below each bill title. All adopted amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor for floor amendments. Final action on each bill is listed to the right of the title. Various types of final action are abbreviated as follows:

*PUBLIC XXX*

*P&S XXX*

*RESOLVE XXX*

*CON RES XXX*

*EMERGENCY*

*CARRIED OVER*

*ONTP*

*ENACTMENT FAILED*

*INDEF PP*

*FAILED EMERGENCY ENACTMENT*

*FAILED MANDATE ENACTMENT*

*DIED BETWEEN BODIES*

*CONF CMTE UNABLE TO AGREE*

*VETO SUSTAINED*

*UNSIGNED*

*DIED ON ADJOURNMENT*

*Chapter # of enacted Public Law*

*Chapter # of enacted Private & Special Law*

*Chapter # of enacted Resolve*

*Chapter # of Constitutional Resolution passed by both Houses*

*Enacted law takes effect sooner than 90 days*

*Bill carried over to Second Session*

*Ought Not to Pass report accepted*

*Bill failed to get majority vote*

*Bill Indefinitely Postponed*

*Emergency bill failed to get 2/3 vote*

*Bill imposing local mandate failed to get 2/3 vote*

*House & Senate disagree; bill died*

*Committee of Conference formed but unable to agree*

*Legislature failed to override Governor's Veto*

*Not signed by Governor within 10 days*

*Action incomplete when session ended; bill died*

These summaries were prepared by the analyst or analysts assigned to the committee. But, this document was produced by the efforts of all the office staff, including secretaries: Charlene Raymond and Valarie Parlin.

If you have any suggestions or comments on these summaries, please let us know.

4693NRG

**SPONSOR(S)**  
CARLETON**COMMITTEE REPORT****AMENDMENTS ADOPTED****SUMMARY**

The purpose of this bill is to promote access to group health care benefits while avoiding some program costs associated with the purchase of health insurance policies. The bill establishes procedures under which employers may form multiple-employer welfare arrangements to provide health care benefits for employees and their dependents.

Eligibility standards are set to qualify trade associations, industry associations, political subdivisions, religious organizations and professional associations to ensure actuarially viable plans. No capital funds are required to establish an arrangement. Joint liability of participating employers is required to ensure that benefits will be paid through assessments if necessary. If the trust created by the employers is not appropriately funded, the filing of a security deposit with the Secretary of State or the posting of a bond is required. No premium taxes are assessed on such plans. Annual reporting to the Superintendent of Insurance is required and records of the arrangement are to be kept in the State. The superintendent may suspend or revoke the authority of arrangements that are operated in an unsound fashion. Penalties are provided for arrangements that operate without authority.

This bill was carried over to the Second Regular Session.

**LD 1548 An Act to Amend the Laws Regarding Health Insurance and Health Care Services****PUBLIC 477****SPONSOR(S)****COMMITTEE REPORT****AMENDMENTS ADOPTED**

S-368 PEARSON

**SUMMARY**

In Part A the bill does the following.

1. It applies continuity of coverage protection to replacement coverage under individual policies and extends the prior policies receiving continuity protection to employer-affiliated and association-affiliated health plans.
2. It includes as late enrollees for continuity of coverage protection persons who were covered through the Maine High-Risk Insurance Organization.
3. It requires insurers and nonprofit hospital and medical service organizations that provide reinsurance, excess insurance and administrative services to employer-affiliated and association-affiliated health plans to require that the plans, reinsurance and excess insurance comply with the continuity law.
4. It changes the preexisting condition exclusion period to a period of 12 months and prohibits exclusions based on a routine preventive screening or test yielding only negative results.

In Part B the bill does the following.

1. It repeals the provisions on the Maine High-Risk Insurance Organization.

2. It allows the Maine High-Risk Insurance Organization to continue to provide coverage through January 1, 1994 and to pay claims through January 1, 1996. The bill requires that any funds remaining at the end of the program be paid to the Maine Health Program or other health program.
3. It requires the Board of Directors of the Maine High-Risk Insurance Organization to notify enrollees of the termination of coverage under the program and of the availability of coverage elsewhere. It requires reports to the Joint Standing Committee on Banking and Insurance on March 1, 1994 and on January 1, 1994 regarding the transition of enrollees into other coverage and on the reserves and financial condition of the organization.

In Part C the bill does the following.

1. It forbids rating based on gender in the small group market and changes smoking status from an allowed rating factor without limitation to a rating factor within the scheduled rating bands.
2. It changes the preexisting condition exclusion period in the small group market to a waiting period of 12 months and prohibits exclusions based on a routine preventive screening or test yielding only negative results.

In Part D the bill does the following.

1. It applies the scheduled community rating from the Maine Revised Statutes, Title 24-A, section 2808-B for small groups to the individual health insurance market and prohibits rating based on gender. It allows rating based on smoking status within the scheduled rating bands. It provides for guaranteed issue and renewal of individual policies. It exempts insurers who do not write new policies from the guaranteed issue provisions for renewals of policies in force if the insurer complies with community rating. It requires minimum loss ratio standards for policies issued on or after January 1, 1994. It contains fair marketing standards.

In Part E the bill does the following.

1. It allows the payment of money by the State by electronic transfer.
2. It extends the certificate of need provisions of Title 22, chapter 103 to purchases by physicians of major medical equipment of \$1,000,000 or more and to purchases by listed independent medical centers of major medical equipment with a cost in the aggregate of \$1,000,000 or more. It requires consideration in the certificate of need process of the ability of the citizens of the State to underwrite the costs of equipment and the findings of the Maine Health Care Finance Commission on the ability to pay.
3. It requires insurers, physicians and hospitals to use standard forms that meet federal requirements.
4. It allows for voluntary expansion of medical specialty practice parameters and risk management protocols.

In Part F the bill does the following.

1. It requires a report from the Department of Human Services on unified administration of publicly funded and publicly administered health programs.
2. It requires a report from the Department of Human Services on single point of entry and eligibility determinations utilizing the FAMIS computer system.

In Part G the bill does the following.

1. It establishes an effective date of December 1, 1993.
2. It includes an appropriation section.

Senate Amendment "A", (S-368) adds chiropractors to the health professionals covered by the standard forms and billing provisions of the bill. It deletes the appropriation section. It adds a transition provision that is an amendment to LD 283, the budget bill, to allow termination of the High Risk Insurance Organization after December 1, 1993.

**LD 1561      An Act to Collect Baseline Data to Facilitate Health Care Reform**

**P & S 53  
EMERGENCY**

**SPONSOR(S)**

**COMMITTEE REPORT**

**AMENDMENTS ADOPTED**

H-672      PINEAU

H-709      PINEAU

**SUMMARY**

This bill creates the Working Group to Collect Baseline Data to Facilitate Health Care Reform composed of the 13 members of the Joint Standing Committee on Banking and Insurance and 3 members appointed by the Governor from the Executive Department.

The working group is charged with asking questions and receiving data on health care from a broad range of interested parties invited to present information to the working group. The Health Care Reform Advisory Committee is established to advise the working group. The committee is made up of 34 consumers, professionals, providers and interested persons.

The working group is directed to meet at least once a month from July 23 to December 15, 1993. The working group is authorized to apply for and receive grants and hire consultants and the working group must request staffing assistance from the Legislative Council.

An appropriation pays for expenses for meetings and costs for photocopying, mailing and printing.

House Amendment "B" (H-672) deletes from the committee the 3 appointed members of the Executive Department, removes the 36 member advisory organization and transforms the study into a study by the Banking and Insurance Committee.

House Amendment "A" to House Amendment "B" (H-709) removes the emergency nature of the bill and moves the first meeting date to on or before October 10, 1993.

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