

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
118TH LEGISLATURE

SECOND REGULAR SESSION  
AND  
SECOND SPECIAL SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE

MAY 1998

**MEMBERS:**

*Sen. Lloyd P. LaFountain III, Chair*  
*Sen. Robert E. Murray, Jr.*  
*Sen. I. Joel Abromson*

*Rep. Jane W. Saxl, Chair*  
*Rep. Julie Winn*

*Rep. Thomas M. Davidson*  
*Rep. Christopher P. O'Neil*

*Rep. Joseph C. Perry*  
*Rep. Stephen S. Stanley*  
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*Rep. Sumner A. Jones, Jr.*  
*Rep. Arthur F. Mayo III*  
*Rep. Joseph Bruno*

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**ONE HUNDRED EIGHTEENTH LEGISLATURE**  
**SECOND REGULAR AND SECOND SPECIAL SESSIONS**

**Summary Of Legislation Before The Joint Standing Committees**  
**May 1998**

We are pleased to provide this summary of bills that were considered by the Joint Standing Committees of the Maine Legislature. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. Also included are statistical summaries of bill activity this Session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills handled by the joint standing committees. It is organized by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet ([www.state.me.us/legis/opla](http://www.state.me.us/legis/opla)).

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

- CON RES XXX*..... Chapter # of Constitutional Resolution passed by both Houses
- CONF CMTE UNABLE TO AGREE*.....Committee of Conference unable to agree; bill died
- DIED BETWEEN BODIES*.....House & Senate disagree; bill died
- DIED IN CONCURRENCE*.....One body accepts ONTP report; the other indefinitely postpones the bill
- DIED ON ADJOURNMENT*.....Action incomplete when session ended; bill died
- EMERGENCY*.....Enacted law takes effect sooner than 90 days
- FAILED EMERGENCY ENACTMENT/FINAL PASSAGE*.....Emergency bill failed to get 2/3 vote
- FAILED ENACTMENT/FINAL PASSAGE*.....Bill failed to get majority vote
- FAILED MANDATE ENACTMENT*.....Bill imposing local mandate failed to get 2/3 vote
- INDEF PP*.....Bill Indefinitely Postponed
- ONTP*..... Ought Not To Pass report accepted
- OTP ND*..... Committee report Ought To Pass In New Draft
- OTP ND/NT*..... Committee report Ought To Pass In New Draft/New Title
- P&S XXX*..... Chapter # of enacted Private & Special Law
- PUBLIC XXX*..... Chapter # of enacted Public Law
- RESOLVE XXX*..... Chapter # of finally passed Resolve
- UNSIGNED*.....Bill held by Governor
- VETO SUSTAINED*.....Legislature failed to override Governor's Veto

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is June 30, 1998 and July 9, 1998 for the Second Special Session. Second Special Session laws include Public Laws beginning with Chapter 718, Private and Special Laws beginning with Chapter 82 and Resolves beginning with Chapter 117.

**LD 2130**

**An Act Relating to Unfair Practices in the Provision of Goods and Services Paid for by Insurance Claims**

**ONTP**

<u>Sponsor(s)</u> DAVIDSON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 2130 proposed to prohibit the giving of inducements or discounting an amount equal to some or all of an insurance deductible in the provision of goods or services paid for in whole or in part by insurance claims.

**LD 2166**

**An Act to Require Health Insurance Coverage for In Vitro Fertilization Procedures**

**ONTP**

<u>Sponsor(s)</u> SAXL J		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 2166 proposed to require that health insurance policies include coverage for three cycles of in vitro fertilization procedures. Under the bill, a contract that provides such coverage may require a 20 percent copayment by the insured.

This bill would have applied to all policies, contracts and certificates in effect on or after January 1, 1999.

**LD 2174**

**An Act to Implement the Recommendations of the Commission to Study Insurance Fraud**

**PUBLIC 675**

<u>Sponsor(s)</u>		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-914
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LD 2174 proposed to implement recommendations of the Commission to Study Insurance Fraud.

1. It prohibits fraudulent insurance acts and makes violations subject to civil penalties.
2. It requires insurers to include warnings on all claim forms and insurance applications.
3. It clarifies the immunity provisions to allow sharing of information related to fraudulent insurance acts between law enforcement agencies and insurers.
4. It requires insurers to report fraudulent insurance acts on an annual basis to the Superintendent of Insurance.
5. It requires insurers to develop antifraud plans.

**Committee Amendment “A” (H-914)** proposed to clarify that information reported to the Bureau of Insurance related to suspected, anticipated or completed fraudulent insurance acts may not identify any individuals or entities. The amendment requires the Superintendent of Insurance to adopt rules defining the information to be reported by January 1, 1999 but designates the rules as routine technical rather than major substantive.

The amendment proposed to exempt reinsurers, agencies and producers from the requirement to prepare and implement an antifraud plan and clarify that the immunity provision applies to any person furnishing information to an authorized agency.

The amendment also added a fiscal note to the bill.

***Enacted law summary***

Public Law 1997, chapter 675 strengthens the laws concerning fraudulent insurance acts in the Maine Insurance Code. It prohibits fraudulent insurance acts and makes violations subject to civil penalties. It requires insurers to include warnings to insurance consumers on all claim forms and insurance applications that fraudulent insurance acts are subject to civil and criminal penalty. It requires that insurers report fraudulent insurance acts annually to the Superintendent of Insurance. The law requires insurers, except for reinsurers and insurance producers and agencies, to develop internal antifraud plans. And it clarifies the immunity provisions to allow sharing of information related to fraudulent insurance acts between law enforcement agencies and insurers.

**LD 2190**                      **An Act to Implement the Recommendations of the Blue Ribbon Commission to Study the Effects of Government Regulation and Health Insurance Costs on Small Businesses in Maine**                      **PUBLIC 616**

<u>Sponsor(s)</u>		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-489
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LD 2190 proposed to implement the recommendations of the Blue Ribbon Commission to Study the Effects of Government Regulation and Health Insurance Costs on Small Businesses in Maine.

**Committee Amendment “A” (S-489)** proposed to remove that section of the bill that prohibited the introduction of a mandated health benefit proposal in a second regular session or a special session of the Legislature. The amendment also proposed to clarify that a majority of committee members must support a proposed mandate before referring the mandate for review and evaluation by the Bureau of Insurance.

The amendment also added a fiscal note to the bill.

***Enacted law summary***

Public Law 1997, chapter 616 allows a private purchasing alliance to be organized as a for-profit corporation; removes the prohibition on insurance producers from being a board member, officer or employee of an alliance; and prohibits a private purchasing alliance from purchasing health care services, assuming risk for the cost or provision of health care services or otherwise contracting with health care providers for the provision of health care services without the prior approval of the Superintendent of Insurance.

Public Law 1997, chapter 616 also makes changes to the process for review of proposed mandated health insurance benefits legislation. It requires that a majority of the members of the legislative committee reviewing the proposed mandate must support the mandate before requesting review and evaluation by the Bureau of Insurance. It requires that the committee review the findings of the Bureau of Insurance. The law expands the statutory criteria for reviewing the mandated benefit proposal to include the impact of the mandate on the state employee health