

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
123<sup>RD</sup> LEGISLATURE  
FIRST REGULAR SESSION



Summaries of bills and adopted amendments and laws enacted or finally passed during the First Regular Session of the 123<sup>rd</sup> Maine Legislature coming from the

**JOINT STANDING COMMITTEE ON INSURANCE AND  
FINANCIAL SERVICES**

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# STATE OF MAINE

123<sup>RD</sup> LEGISLATURE

FIRST REGULAR SESSION

## LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS



This *Legislative Digest of Bill Summaries and Enacted Laws* summarizes all bills and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 123<sup>rd</sup> Maine Legislature, which was in session from December 6, 2006 to June 21, 2007.

The *Digest* is arranged alphabetically by committee, and within each committee by LD number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. The appendices include a summary of relevant session statistics, an index of all bills by LD number and an index of enacted laws by law type and chapter number.

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
NOT PROPERLY BEFORE THE BODY.....	Ruled out of order by the presiding officers; bill died
INDEF PP.....	Bill Indefinitely Postponed
ONTP (or Accepted ONTP report).....	Ought Not To Pass report accepted
OTP-ND.....	Committee report Ought To Pass In New Draft
P&S XXX.....	Chapter # of enacted Private & Special Law
PASSED.....	Joint Order passed in both bodies
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 that the effective date for non-emergency legislation enacted in the First Regular Session is **September 20, 2007**. The effective date for legislation enacted as an emergency measure is specified in the enacted law summary for those bills.

## *Joint Standing Committee on Insurance and Financial Services*

The bill clarifies that the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters is the committee of jurisdiction over Dirigo Health. The bill requires the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters to review the Dirigo Health budget and make recommendations to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs. The bill also requires that Dirigo Health be subject to review under the State Government Evaluation Act in 2008.

The bill provides that all carriers licensed to transact health insurance in this State may offer health insurance plans eligible for subsidy under the Dirigo Health Program if the plan is comparable to the prototype for a health benefits package developed by Dirigo Health and certified by the Superintendent of Insurance.

The bill limits eligibility for Dirigo Health Program coverage to employers and individuals who did not have prior health insurance coverage for 6 months. The bill also requires that Dirigo Health apply an asset limit that is 3 times the limits applied by MaineCare to determine eligibility for subsidies in addition to the requirement that an individual's income be under 300% of the federal poverty level. The bill clarifies that the amount of the subsidy individuals enrolled in Dirigo Health receive is not included as income for the purposes of determining eligibility for MaineCare.

The bill requires that the subsidies be applied only to the premium cost for Dirigo Health Program coverage.

The bill repeals the savings offset payment as the source of funding for subsidies for the Dirigo Health Program and instead appropriates \$15,000,000 from the General Fund to support subsidies. The bill requires an annual transfer from General Fund undedicated revenue to permit subsidies. The bill also prohibits any funds collected by Dirigo Health from being used as the state share for an individual directly enrolled in MaineCare.

### **LD 1046    An Act To Make Changes to Maine's Homeowner Property Insurance Laws**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MCKANE	ONTP	

LD 1046 is a concept draft pursuant to Joint Rule 208. This bill proposes to make changes to the laws governing homeowner property insurance.

### **LD 1047    An Act To Lower the Cost of Health Insurance**

**CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
VAUGHAN		

LD 1047 does the following.

Part A repeals the guaranteed issuance and community rating law for individual health plans effective April 1, 2008 and allows carriers to treat their pre-April 1, 2008 book of business separately from their post-April 1, 2008 book of business. It makes changes to the continuity of coverage laws to allow underwriting when someone switches carriers in the individual market. Part A creates a high-risk pool in the individual health insurance market called the Comprehensive Health Insurance Risk Pool Association. The purpose of the association is to spread the cost of high-risk individuals among all health insurers. The bill funds the high-risk pool through an assessment on insurers. An individual insured through the high-risk pool may be charged a premium up to 150% of the average premium rates charged by carriers for similar health insurance plans. The bill requires the State to submit an application to

## *Joint Standing Committee on Insurance and Financial Services*

the Federal Government for federal assistance to create a high-risk pool.

Part A also removes the requirement that carriers offer standardized plans as defined in Bureau of Insurance Rule Chapter 750 in the individual market.

Part B repeals the community rating law for small group health plans effective January 1, 2009 and enacts in its place provisions governing the rating of small group health plans based on a model act from the National Association of Insurance Commissioners.

Part C allows a health maintenance organization to offer health plans that do not comply with geographic access standards if the health maintenance organization also offers health plans that comply with those access standards or offers a fee-for-service health plan.

Part D repeals the statutory provisions governing the State Health Plan and Certificate of Need.

Part E requires the Department of Professional and Financial Regulation, Bureau of Insurance to conduct a study of the State's rate and form filing laws and make recommendations for changes to reduce the costs and resources expended by health insurance carriers seeking regulatory approval of new health insurance products.

LD 1047 was carried over by joint order, H.P. 1369, to the next special or regular session of the 123rd Legislature.

### **LD 1066 An Act To Protect Consumers in the Insurance Industry**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BLISS BARTLETT	ONTP	

LD 1066 expands the duties of the Public Advocate to include oversight of the insurance industry by allowing the Public Advocate to review and make recommendations to the Superintendent of Insurance regarding insurance rates, policies and availability of products to Maine consumers. The Public Advocate also may intervene on behalf of a consumer or group of consumers of insurance products in any action before the Department of Professional and Financial Regulation, Bureau of Insurance, other state or federal agencies or courts.

This bill also imposes a filing fee of \$50,000 on an insurer who files for a rate change to workers' compensation insurance or employers' liability insurance written in connection with workers' compensation insurance. The fee is dedicated to the Public Advocate to fund the expanded duties as proposed in this bill.

### **LD 1072 An Act To Establish a Single-payor Health Care System**

**CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BEAUDOIN SCHNEIDER		

LD 1072 establishes a universal access health care system that offers a choice of coverage through organized delivery systems or through a managed care system operated by the Maine Health Care Agency and channels all health care dollars through a dedicated trust fund.

Part A of the bill does the following.

1. It establishes the Maine Health Care Plan to provide security through high-quality, affordable health care for the