

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

New Draft of: H. P. 1812, L. D. 2293
FIRST SPECIAL SESSION

ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 2535

H. P. 1991

House of Representatives, February 27, 1974

Reported by Majority from the Committee on Taxation and printed under
Joint Rules No. 18.

E. LOUISE LINCOLN, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FOUR

**AN ACT to Increase the Cigarette Tax and Provide Funds for Catastrophic
Medical Expense.**

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. R. S., T. 22, § 3454, additional. Title 22 of the Revised Statutes is amended by adding a new section, 3454, to read as follows:

§ 3454. Medical expenses for catastrophic illness

The Department of Health and Welfare is authorized to provide financial assistance to, or in behalf of, families or individuals whose costs for hospital in-patient or out-patient care, physicians' services, drugs, appliances and other related services, exclusive of nursing home care, cannot be met from their own or other sources, when said costs are of such magnitude as to constitute a financial catastrophe for the said families or individuals, or when it can be determined that medical indigency exists.

Application for assistance through the catastrophic medical expense fund shall be made by the individual who is, or has been, receiving the care for which financial assistance is being sought, or by a person who is legally responsible for such costs, or by a legal representative of said individual. Assistance shall be available through this fund only in behalf of specific individuals, and only for those who are not eligible for aid through federally matched medical care programs as administered in Maine, and, furthermore, it shall terminate when any similar federal program becomes effective. Eligibility for, and aid through, this fund shall be on a year to year basis, and eligibility and amount of aid shall be determined only after the full applica-

tion to the costs of medical care in any one year of all applicable health care insurance benefits, other 3rd-party payor benefits legally provided for, or liability benefits identified as being for medical or rehabilitative care. Furthermore, from all net income before taxes received by the applicant or those legally responsible for the costs of the applicant's care, 20% will be assumed to be applicable to the liabilities for the care for which assistance is being sought. If the applicant has, or those legally responsible for the applicant's care have, or they jointly have, a net worth in excess of \$20,000, and the excess net worth includes cash or readily cashable assets, then 10% of such cash or cashable assets shall be assumed to be applicable to the liabilities for care. If after the application of all of the above resources, the residual liability, in any one year, for which assistance is being sought is less than \$1,000, no payment shall be made from this fund, and only that amount in excess of \$1,000 shall be paid. No reimbursements shall be made for bills already paid. Payments from this fund shall only be made directly to the vendors or providers of care. However, this section shall not be deemed to create any rights or causes of action against the State in such a vendor or provider of care, his heirs or assigns. When eligibility has been established, the Department of Health and Welfare may make payments from this fund, during the remainder of the year of eligibility, for those goods and services provided for in this section.

The Department of Health and Welfare is authorized to promulgate and adopt the additional rules and regulations necessary for administration of this section.

Medical indigency and eligibility for assistance under this section are to be defined and determined in manners consistent with the requirements for the receipt of federal matching funds under Title XIX, or its successors, of the Social Security Act.

An applicant shall be an adult who requires care and assistance, an adult legally responsible for such care of another or an adult who is legally responsible for the care of, and is applying in behalf of, one or more dependent minor children. Applications may be made in behalf of said applicants by their legal representatives.

The income factor of eligibility will be met if, after reducing all income received by or available to the applicant by the liabilities for the kinds of goods and services provided for in this section, the residual income does not exceed 133% of an amount equal to the public welfare standards applicable to the applicant.

The application of any available insurance, other 3rd-party liabilities or other benefits to which the applicant may be entitled or the determination of other eligibility factors shall be in accordance with federal matching requirements.

The Department of Health and Welfare shall adopt and promulgate the additional rules and regulations which may be necessary for proper, equitable, and effective administration of this section.

Any balances of funds appropriated for medical expenses under this section shall not lapse but shall be carried forward from year to year to be expended for the same purpose.

Sec. 2. R. S., T. 36, § 4365, amended. The first sentence of section 4365 of Title 36 of the Revised Statutes, as amended, is further amended to read as follows:

A tax is imposed on all cigarettes held in this State by any person for sale, said tax to be at the rate of ~~7~~ 8 mills for each cigarette and the payment thereof to be evidenced by the affixing of stamps to the packages containing the cigarettes.

Sec. 3. R. S., T. 36, § 4365, amended. The next to the last sentence of section 4365 of Title 36 of the Revised Statutes, as amended, is further amended to read as follows:

The Tax Assessor thereupon shall notify the unclassified importer of the amount of the tax due thereon, which shall be at the rate of ~~7~~ 8 mills per cigarette.

Sec. 4. Cigarettes on hand; stamping or account; waiver provisions. The State Tax Assessor may by regulation waive for a period of not over 7 days following the effective date of sections 2 and 3 payment of additional tax by retail dealers with respect to stocks of cigarettes properly stamped at the rate of 7 mills per cigarette sold during such period, provided such stocks were on hand as of the effective date of sections 2 and 3 and pursuant thereto, the State Tax Assessor may also waive for the same period the application to retail dealers of Title 36, sections 4369, 4370 and 4372 as respects such cigarettes.

Nothing herein shall be construed to authorize any distributor or subjobber to distribute to any retail outlet cigarettes not properly stamped at the rate of 8 mills per cigarette.

Cigarettes in the hand of retail dealers subsequent to the period of waiver provided for above, not properly stamped at the rate of 8 mills per cigarette, shall be subject to confiscation under the provision of Title 36, section 4372; and such retailer shall be subject to any other penalties by law provided.

Sec. 5. Appropriation. There is appropriated from the General Fund the sum of \$2,840,000 to carry out the purposes of this Act. The breakdown shall be as follows:

1974-75

HEALTH AND WELFARE, DEPARTMENT OF

Personal Services	(8) \$ 62,245
All Other	2,770,255
Capital Expenditures	1,600
	<hr/>
	\$2,834,100

FINANCE AND ADMINISTRATION, DEPARTMENT OF

Bureau of Taxation
All Other

5,900

5,900
\$2,840,000

Sec. 6. Effective date. This Act shall take effect July 1, 1974.

FISCAL NOTE

Funds to implement this program are provided by increasing the cigarette tax, which is estimated will increase revenue by \$2,840,000 during 1974-75.

FEDERAL FUNDS

Some additional federal funds will be available for matching.

STATEMENT OF FACT

The purpose of this bill is to authorize the Department of Health and Welfare to provide assistance to families and individuals faced with catastrophic medical costs beyond their ability to pay.