

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1996

S. P. 637

Office of the Secretary of the Senate

Governor's Bill. The Committee on State Government suggested and 2,500 ordered printed.

MAY M. ROSS, Secretary

Presented by Senator Pierce of Kennebec

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-EIGHT

AN ACT Relating to the Maine State Employees Accident and Sickness or Health Insurance Plan.

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

5 MRSA § 285, sub-§ 8 is enacted to read:

8. Self insurance. In lieu of the group insurance policies set forth in subsections 2, 5 and 6, and subject to financial approval by the Department of Finance and Administration, the board of trustees may provide for any or all of the benefits to be self insured by the State.

In this event each insured employee shall receive a booklet summarizing the benefits and applicable provisions including an indication to whom claims may be submitted.

The board of trustees shall determine all rates applicable to the self insurance portion of the plan and may make, from time to time, those adjustments which are deemed necessary. Those adjustments, however, may not be made more often than once a year. A contract may be entered into with an agency outside State Government for the administrative processing, paying and reporting in whole or in part of the indicated claim payments.

In order to carry out the administration of this subsection, a revolving fund may be created by the State Controller to which is deposited all sums appropriated by the State or contributions by state employees and from which all claim and administrative payments shall be made. If a contract for claim payments is entered into with an agency outside State Government, the State Controller may authorize the contracting agency to make direct withdrawals from the fund for claim payments.

The board of trustees shall retain those professional consultants which it deems necessary to implement this subsection.

STATEMENT OF FACT

The present law does not permit self insurance by the State yet the sums involved are large enough to determine meaningful averages. Actually, today, these coverages are really being written on a "cost plus" basis and a substantial fund is being held by the insurance carriers for what we call "runouts." Runouts occur when a case is terminated but carries carry funds all the time just to meet this contingency. A self insured plan would not have the need of such funds and be adopting a self insurance plan, certain funds now held by the carriers, would be used to pay both claims and initial administrative expenses continuing after termination. It is estimated that the savings to the State would be at least \$150,000 per year.