

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 1131

6
7 S.P. 406

In Senate, March 26, 1985

8 Submitted by the Department of Finance and Administration pursuant to
9 Joint Rule 24.

10 Referred to the Committee on State Government. Sent down for
concurrence and ordered printed. Ordered sent forthwith.

JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Kany of Kennebec.

11 Cosponsored by Representative Gwadosky of Fairfield, Representative
Dillenback of Cumberland and Representative Descoteaux of Biddeford.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FIVE
16

17 AN ACT to Restructure the Employees' Health
18 Insurance Program and Include the
19 Program within the Risk Management Division,
20 Department of Finance and
21 Administration.
22

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

25 Sec. 1. 5 MRSA §285, as amended by PL 1983, c.
26 692, §§1 and 2, is repealed.

27 Sec. 2. 5 MRSA §286, as repealed and replaced by
28 PL 1979, c. 657, is repealed.

29 Sec. 3. 5 MRSA §1725-A, sub-§3, as enacted by PL
30 1983, c. 349, §4, is amended to read:

31 3. Personnel. The director shall employ an as-
32 stant director to administer employee benefits. The
33 director may employ such assistants and employees as
34 are necessary, and distribute the duties assigned to

1 the division among such persons as he deems necessary
2 for economy and efficiency of administration. Pro-
3 fessional employees shall be hired as unclassified
4 employees. The assistant director shall be an un-
5 classified confidential employee. All other employees
6 shall be classified and subject to the Personnel Law.

7 Sec. 4. 5 MRSA §1728-A, sub-§1, as enacted by PL
8 1983, c. 349, §9, is amended to read:

9 1. Duties. The director shall provide insurance
10 advice and services for the State Government and any
11 department or agency thereof for all forms of insur-
12 ance, except for those departments or agencies and
13 those types of insurance otherwise provided for by
14 law. The director shall be responsible for the ac-
15 quisition and administration of all insurance pur-
16 chased by the State, including the authority to pur-
17 chase, on a competitive bid basis, insurance for the
18 State for automobile, fire, liability, employee
19 health and any other type of coverage which may be
20 necessary to protect the State from financial loss.
21 The director may enter into contracts for various
22 types of claims management services in order to in-
23 sure the most economically advantageous insurance
24 protection in the operation of the state's insurance
25 coverage program. In these regards, the director has
26 the following duties:

27 A. To review annually the entire subject of in-
28 surance as it applies to all state property and
29 employee health benefits activities, and to pro-
30 vide to the commissioner a statement of its ac-
31 tivities during the year ending the preceding
32 June 30th. This report shall include:

33 (1) An evaluation of the state insurance
34 program;

35 (2) A complete statement of all types and
36 costs of insurance in effect;

37 (3) Names of agents and companies of
38 record; and

39 (4) Such other matters as the director de-
40 termines to be appropriate and necessary or
41 as the commissioner may request;

- 1 B. To recommend to the commissioner such insur-
2 ance protection as the director may deem neces-
3 sary or desirable for the protection of all state
4 property or activities;
- 5 C. Pursuant to programs approved by the commis-
6 sioner, to provide insurance protection for state
7 property and liability insurance in accordance
8 with the Maine Tort Claims Act, Title 14, section
9 8116, and premises liability, when required by a
10 state lease or private property approved by the
11 Attorney General, by self-insured retention, as
12 provided, or purchase of insurance from companies
13 or agents licensed to do business in this State,
14 or by both, to effect the best possible contracts
15 as to services, coverages and costs. The pur-
16 chase of insurance under this section normally
17 shall be made upon competitive bidding, except
18 that the director may, in appropriate circum-
19 stances, purchase insurance by negotiation.
- 20 In the event of the purchase of insurance upon
21 competitive bidding by qualified insurers, the
22 director shall announce the low bid at a meeting
23 advertised for the opening of bids, which, when
24 approved by the commissioner, shall constitute an
25 award of a contract of insurance;
- 26 D. To determine and review the values of proper-
27 ty in which the State has an insurable or legal
28 interest and recommend limits and types of insur-
29 ance protection for that property;
- 30 E. To establish and promote safety and other
31 loss prevention programs;
- 32 F. To receive and, with the assistance of the
33 Attorney General, administer all claims for per-
34 sonal injury and property damage against the
35 State; and
- 36 G. With the assistance of the Attorney General,
37 to pursue all claims against 3rd parties in all
38 cases in which the State may be subrogated to the
39 rights of injured employees or where damage to
40 state property may have resulted from the neglig-
41 ence of a 3rd party; and

1 H. To oversee the administration of eligibility
2 requirements for accident and sickness or health
3 benefits programs as determined by the commis-
4 sioner for the following state employees or state
5 employed retirees:

6 (1) Each appointed or elective officer or
7 employee of the State who is eligible for
8 membership in the Maine State Retirement
9 System or the State Police Retirement Sys-
10 tem;

11 (2) Any member of the judiciary or workers'
12 compensation commission;

13 (3) Any employee of the Maine State Employ-
14 ees' Credit Union;

15 (4) Any employee of the Maine State Employ-
16 ees' Association;

17 (5) Any employee of Council 74 of the Amer-
18 ican Federation of State, County and Municip-
19 al Employees;

20 (6) Any employee of the Maine Turnpike Au-
21 thority;

22 (7) Subject to subsection 1-A, employees in
23 any of the categories denominated in
24 subparagraphs (1) to (6), who:

25 (a) On April 26, 1968, have retired
26 and who were covered under plans of in-
27 surance which by virtue of Public Law
28 1967, chapter 543, were terminated; or

29 (b) After April 26, 1968, retirees and
30 who on the date of their retirement are
31 currently enrolled in this group acci-
32 dent and sickness or health insurance
33 plan.

34 (8) If retiring on a disability retirement,
35 have participated in the group accident and
36 sickness or health insurance plan immedi-
37 ately prior to retirement; or

1 (9) If not retiring on a disability retire-
2 ment, have participated in the group acci-
3 dent and sickness or health insurance plan
4 for at least one year immediately prior to
5 retirement.

6 (10) Eligibility under this section shall
7 not be extended to include members of the
8 Maine Municipal Association or the Maine
9 Teachers Association or employees of coun-
10 ties and municipalities and instrumentali-
11 ties, including quasi-municipal corpora-
12 tions.

13 Sec. 5. 5 MRSA §1728-A, sub-§5 is enacted to
14 read:

15 5. Enrollment in health benefits plan. Any em-
16 ployee eligible under this section may join within
17 the first 60 days of the employee's employment or
18 during a declared open enrollment period. The filing
19 of necessary applications shall be the responsibility
20 of the State. Effective dates under this section
21 shall be at the discretion of the assistant director.

22 Sec. 6. 5 MRSA §1730, as amended by PL 1983, c.
23 349, §11, is further amended to read:

24 §1730. Records; audit

25 The division shall keep a record of all its pro-
26 ceedings.

27 The division shall have an audit made of its ac-
28 counts annually covering the last complete fiscal
29 year by the Department of Audit.

30 The policies for all insurance placed shall be
31 kept on file with the division, except the master po-
32 licies for the employee health benefits shall be held
33 by the Commissioner of Finance and Administration.

34 The medical and dental insurance benefits company
35 or companies or nonprofit organizations, or both,
36 shall furnish the usual master policy and certifi-
37 cates. Each insured employee shall receive a certifi-
38 cate setting forth benefits to which he is entitled,

1 to whom payable, to whom claims shall be submitted
2 and summarizing the provisions of the policy princi-
3 pally affecting the employee.

4 Sec. 7. 5 MRSA §1731, as amended by PL 1983, c.
5 349, §12, is further amended to read:

6 §1731. Reserve fund for self-insured retention
7 losses

8 A reserve fund, in this chapter called "the
9 fund," is created to indemnify the State for
10 self-insured retention ~~losses~~ claims and related ~~loss~~
11 claims adjustment expenses from those ~~perils~~
12 coverages insured against under a deductible or
13 self-insured retention program, as recommended by the
14 director and approved by the commissioner. The fund
15 may be used for loss prevention programs, including
16 materials, equipment and temporary employees. The
17 amount used in loss prevention for one year may not
18 exceed 5% of the fund as of July 1st of that fiscal
19 year. The fund shall be a continuing fund and shall
20 not lapse.

21 Sec. 8. 5 MRSA §1731-B is enacted to read:

22 §1731-B. Funding of employee benefits section

23 1. Employees share. The State shall pay 100% of
24 only the employees share of the employees medical in-
25 surance. Dependent coverage for medical insurance and
26 dental coverage will be paid by the State subject to
27 collective bargaining. For any person appointed to a
28 position after November 1, 1981, who is employed less
29 than full time, the State shall pay a share of the
30 employees share reduced pro rata to reflect the re-
31 duced number of work hours.

32 2. Administration. The cost of administration of
33 the employee benefits section of the Risk Management
34 Division shall be funded from an administrative al-
35 lowance to be negotiated with the health benefit car-
36 rier.

37 Sec. 9. Funding. In order to carry out the pur-
38 poses of this Act, all equipment and supplies of the
39 Board of Trustees, Accident and Sickness or Health

1 Insurance Program shall be transferred to the Risk
2 Management Division. Notwithstanding any other provi-
3 sion of law, all appropriations, accrued expendi-
4 tures, assets, liabilities, balances of funds, trans-
5 fers, revenues or other available funds of the Board
6 of Trustees, Accident and Sickness or Health Insur-
7 ance Program shall be reallocated to the employee
8 benefits section of the Risk Management Division by
9 the State Controller.

10

STATEMENT OF FACT

11 This bill restructures the Maine State Employees
12 Health Insurance Program by abolishing the Board of
13 Trustees, Accident and Sickness or Health Insurance
14 Program and becoming part of the Risk Management Di-
15 vision within the Department of Finance and Adminis-
16 tration.

17 The board of trustees was created in 1968. It is
18 comprised of 6 members, 2 of whom are appointed by
19 the Governor for terms of 3 years, 2 of whom are se-
20 lected by the labor union having the majority of mem-
21 bers, one who is appointed by retiree charters and
22 the Commissioner of Finance and Administration who
23 serves ex officio. Since 1982, the general supervi-
24 sion of the Maine State Employees Health Insurance
25 Program has been administered by the executive direc-
26 tor.

27 This bill, through elimination of the board of
28 trustees and the placement of the insurance program
29 within the Risk Management Division, attempts to cen-
30 tralize the purchase of policies and the administra-
31 tion of the program.

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