

# MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION  
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE  
4

5 Legislative Document

No. 1953

6  
7 H.P. 1384

House of Representatives, January 30, 1986

8 Submitted by the Department of Labor pursuant to Joint Rule 24.

9 Reference to the Committee on Business and Commerce suggested and  
ordered printed.

EDWIN H. PERT, Clerk

10 Presented by Representative Ruhlin of Brewer.

Cosponsored by Senator Tuttle of York, Representative Tammaro of  
Baileyville and Representative Hale of Sanford.

11  
12 STATE OF MAINE  
13

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

17 AN ACT to Require Employers to Notify  
18 Employees of the Termination of Group  
19 Insurance.  
20

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

23 26 MRSA §629-B is enacted to read:

24 §629-B. Employee health benefit plans

25 1. Notice of termination or substantial modifi-  
26 cation. If an employer terminates or substantially  
27 modifies an agreement to provide a health benefit  
28 plan for employees or if a health benefit plan for  
29 employees is terminated for failure to pay premium or  
30 for another reason, the employer shall notify the  
31 covered employees, whether active, temporarily laid  
32 off or on approved leave of absence, of the termina-  
33 tion or substantial modification of their coverage.  
34 The notice shall be in writing and delivered in per-  
35 son to the employee's last known address at least 14

1 days prior to the termination or substantial modifi-  
2 cation of the health benefit plan. The employer is  
3 solely liable for benefits, including extended bene-  
4 fits, which would have been payable to a covered em-  
5 ployee had the health benefit plan remained in force  
6 and not been terminated or substantially modified  
7 during the period of time following the termination  
8 or substantial modification of the health benefit  
9 plan until the employee is given notice in writing  
10 and delivered in person to the employee or mailed to  
11 the employee's last known address.

12 2. Employer liability. The employer is solely  
13 liable for benefits, including extended benefits,  
14 which would have been payable had the health benefit  
15 plan been in force and the employees covered during  
16 the period of time the employer failed to implement a  
17 health benefit plan which the employer had agreed to  
18 with its employees to provide, until the employer  
19 gives its employees notice of its failure or inability  
20 to provide the agreed health benefit plan. The no-  
21 tice shall be in writing and delivered in person to  
22 the employee or mailed to the employee's last known  
23 address.

24 3. Withholdings in separate account. The employ-  
25 er shall keep all withholdings made from employees'  
26 wages for contributions to health benefit plans in a  
27 separate account until the withholdings are paid to  
28 the health insurance carrier. Until the employees'  
29 wage withholdings are paid to the health carrier, the  
30 employer shall be the trustee for the funds.

31 4. Action; parties. An action for benefits under  
32 this section may be brought by the affected employee  
33 or employees or by the Department of Labor on behalf  
34 of the employee or employees.

35 5. Lien. Whoever loses wages or medical benefits  
36 due to an employer's violation of this section shall  
37 have a lien against the employer's property or assets  
38 for the full amount of the wages wrongfully withheld  
39 and the medical benefits lost as a result of the em-  
40 ployer's failure to notify or make premium payments.  
41 Any such lien shall be automatically perfected on the  
42 date wages are wrongfully withheld or medical ex-  
43 penses incurred which otherwise would have been cov-

1 ered by a health benefit plan. Any such lien shall  
2 also be prior to all other liens.

3 STATEMENT OF FACT

4 This bill requires employers to notify employees  
5 of the termination or substantial modification of  
6 health benefit plans. The lack of any notification  
7 requirement has resulted in individual workers being  
8 uninsured when they believed they were covered under  
9 a group policy.

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